

SUPOR 苏泊尔

Zhejiang Supor Co., Ltd.

2021 Annual Report

April 2022

SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS

The Board of Directors and the Board of Supervisors of Zhejiang Supor Co., Ltd. (hereinafter referred to as the "Company") and all its directors, supervisors and senior executives warrant that this annual report is true, accurate and complete, and does not contain any fictitious statements, misleading information or significant omissions; all directors, supervisors and senior executives of the Company undertake, separately and jointly, all responsibilities in relation to the truth, accuracy and completeness hereof.

Mr. Thierry de LA TOUR D'ARTAISE, person in charge of the Company, and Mr. Xu Bo, person in charge of accounting and person in charge of accounting department (accountant in charge), hereby confirm that the financial statement enclosed in this Annual Report is true, accurate and complete.

All directors have attended the Board Meeting in person.

It is of great uncertainty, for whether it can be realized or not depends on multiple factors, including market change and effort of management team. Please be careful of investment risks.

As for the risk factors confronted by the Company, see Part 11 "Prospects for Future Development" of Section III "DISCUSSION AND ANALYSIS OF THE MANAGEMENT".

The profit distribution plan adopted at this Board Meeting specifies that: based on 808,678,476 shares (shares in the Company's special stock repurchase account were granted to incentive objects on January 27, 2022), the Company distributes cash dividend of RMB 19.30 per 10 shares (tax-inclusive) to all shareholders, issues 0 bonus share (tax-inclusive) and will not convert capital reserves to capital.

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CATALOG OF REFERENCE DOCUMENTS

- I. 2021 Annual Report of the Company and Abstract with signature of legal representative;
 - II. Financial statements with signature of legal representative, person in charge of accounting and person in charge of accounting department and seal of the Company;
 - III. Original of audit report with seal of accounting firm and signature of certified public accountants (CPA);
 - IV. Original of all documents and announcements published in newspapers designated by CSRC during the reporting period.
- Reference documents above shall be prepared by Securities Department of the Company. Securities Department of the Company

Definitions

Items to be Defined	means	Definitions
SZSE	means	Shenzhen Stock Exchange
CSRC	means	China Securities Regulatory Commission
CSDCC	means	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
The Company/this Company/the Group	means	Zhejiang Supor Co., Ltd.
SEB Internationale	means	SEB INTERNATIONALE S.A.S
SEB Group	means	SEB S.A.
Zhejiang Supor Electrical	means	Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd.
Shaoxing Supor	means	Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.
Supor Vietnam	means	Supor (Vietnam) Co., Ltd.
Wuhan Recycling	means	Wuhan Supor Recycling Co., Ltd.
Wuhan Supor Cookware	means	Wuhan Supor Cookware Co., Ltd.
Wuhan Supor Pressure Cooker	means	Wuhan Supor Pressure Cooker Co., Ltd.
Omegna	means	Hangzhou Omegna Commercial Trade Co., Ltd.
Shanghai Marketing	means	Shanghai Supor Cookware Marketing Co., Ltd.
P&R Products	means	Zhejiang Supor Plastic & Rubber Co., Ltd.
Yuhuan Sales Company	means	Yuhuan Supor Cookware Sales Co., Ltd.
SEADA	means	SOUTH EAST ASIA DOMESTIC APPLIANCES PTE. LTD.
AFS	means	AFS VIETNAM MANAGEMENT CO.LTD.
Shanghai WMF	means	Shanghai WMF Enterprise Development Co., Ltd.
Shanghai SEB/SSEAC	means	Shanghai SEB Electrical Appliances Co., Ltd.
Zhejiang WMF	means	Zhejiang WMF Housewares Co., Ltd.
Shaoxing Supor Housewares	means	Zhejiang Shaoxing Supor Household Products Co., Ltd.
Supor Kitchen & Electric Appliance	means	Zhejiang Supor Kitchen & Electric Appliance Co., Ltd.
Supor Water Heater	means	Zhejiang Supor Water Heater Co., Ltd.
Hainan Supor E-commerce Company	means	Hainan Supor E-Commerce Co., Ltd.
Hainan Supor Technology Company	means	Hainan Supor Technology Co., Ltd.
GSIM or Indonesian Company	means	PT Groupe SEB Indonesia MSD
2017 Equity Incentive Plan	means	2017 Restricted Stock Incentive Plan (Revised Draft)
2021 Equity Incentive Plan	means	2021 Restricted Stock Incentive Plan (Draft)

SECTION II COMPANY FILE AND MAJOR FINANCIAL INDICATORS

I. Company Information

Short Form of the Stock:	Supor	Stock Code	002032
Short Form of the Changed Stock (If Any)	None		
Stock Exchange for Stock Listing	Shenzhen Stock Exchange		
Chinese Name of the Company	Zhejiang Supor Co., Ltd.		
Short Form of Chinese Name of the Company	Supor		
English Name of the Company (if any)	ZHEJIANG SUPOR CO., LTD.		
Abbreviated English Name of the Company (if any)	SUPOR		
Legal Representative	Thierry de LA TOUR D'ARTAISE		
Registration Place	Damaiyu Economic Development Zone, Yuhuan, Zhejiang		
Postal Code	317604		
Historical Change Records of the Company's Registered Address	None		
Office Address	15F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China		
Postal Code	310051		
Website	www.supor.com.cn		
Email	002032@supor.com		

II. Contact Person and Contact Information

	Board Secretary	Representative of Securities Affairs
Name	Ye Jide	Fang Lin
Address	Securities Department at 23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China	Securities Department at 23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China
Tel.:	0571-86858778	0571-86858778
Fax:	0571-86858678	0571-86858678

Email	yjd@supor.com	flin@supor.com
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III. Place for Information Disclosure and Archiving

Securities exchange websites where the Company discloses the annual report	Securities Times, Securities Daily and China Securities Journal
Names and websites of medias where the Company discloses the annual report	www.cninfo.com.cn
Place for archiving of the Company's annual report:	Securities Department of the Company

IV. Changes of Registration

Organization code	Unified social credit code: 913300007046976861
Change of main business since listing of the Company (if any)	No change in the reporting period
Change of controlling shareholders (if any)	No change in the reporting period

V. Other Relevant Information

Certified Public Accountants engaged by the Company

Name of the Certified Public Accountants	KPMG Huazhen LLP (Special General Partnership)
Office Address of the Certified Public Accountants:	8F, East 2 Office Building, Dongfang Square, No.1 East Chang'an Avenue, Dongcheng District, Beijing City
Name of the Signatory Accountants	Huang Feng, Jin Yang

Sponsor Institution engaged by the Company for performing continuous supervision duties in the reporting period

☐ Applicable ☒ Not-applicable

Financial adviser engaged by the Company for performing continuous supervision duties in the reporting period

☐ Applicable ☒ Not-applicable

VI. Major Accounting Data and Financial Indicators

Does the company need to retroactively adjust or restate previous year's accounting data?

☐ Yes ☒ No

	2021	2020	Increase/decrease	2019
Operating income (RMB)	21,585,331,407.47	18,596,944,289.02	16.07%	19,853,477,882.97
Net profit attributable to shareholders of listed company (RMB)	1,943,943,608.94	1,846,221,538.10	5.29%	1,919,914,191.25
Net profit attributable to shareholders of listed company with non-recurring profit or loss	1,858,036,556.80	1,595,178,564.27	16.48%	1,734,302,272.66

deducted (RMB)				
Net cash flows from operating activities (RMB)	2,049,881,568.69	2,076,592,774.00	-1.29%	1,732,940,977.12
Basic earnings per share (RMB/share)	2.400	2.264	6.01%	2.349
Diluted earnings per share (RMB/share)	2.395	2.261	5.93%	2.346
Weighted average return on net assets	26.81%	26.97%	-0.16%	30.54%
	End of 2021	End of 2020	Increase/decrease in the period (%)	End of 2019
Total assets (RMB)	13,899,456,422.16	12,292,270,384.71	13.07%	11,847,953,986.45
Net assets attributable to shareholders of listed company (RMB)	7,622,639,752.86	7,200,939,908.92	5.86%	6,836,417,032.56

Remarks: On July 5, 2017, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as the "New Revenue Standards"), which would be implemented for domestic listed enterprises from January 1, 2020. According to the new standards and related requirements, the Group started to implement the New Revenue Standards on January 1, 2020, and thus set off the expenses payable to customers in the sales deduction nature against the operating income of "2020 and 2021", in which case "2019" referred to the operating income under original standards, thus there is a standard difference in the operating income of the past three years. If the operating income of "2019" is recalculated according to the standards of "2020 and 2021", then its operating income will be RMB 18,805,552,126.33.

The Company's net profit before or after non-recurring profit and loss are deducted for the last three fiscal years, whichever is lower, is negative, and the audit report for the latest year indicates uncertainty about its sustainable operation ability

☐ Yes ☒ No

Net profit before or after non-recurring profit and loss are deducted, whichever is lower, is negative

☐ Yes ☒ No

VII. Financial Data Difference on Principle of Domestic and Oversea Accounting

1. Net profit and net assets discrepancies in financial statements disclosed separately under International Accounting Standards and Chinese Accounting Standards

☐ Applicable ☒ Not-applicable

No net profit and net assets discrepancies in financial statements disclosed separately under International Accounting Standards and Chinese Accounting Standards existed in the reporting period.

2. Net profit and net assets discrepancies in financial statements disclosed separately under Overseas Accounting Standards and Chinese Accounting Standards

☐ Applicable ☒ Not-applicable

No net profit and net assets discrepancies in financial statements disclosed separately under Overseas Accounting Standards and Chinese Accounting Standards existed in the reporting period.

VIII. Quarter-based Major Financial Indicators

Unit: RMB

	The 1st quarter	The 2nd quarter	The 3rd quarter	The 4th quarter
Operating income	5,136,308,321.66	5,297,567,571.96	5,231,222,288.72	5,920,233,225.13
Net profit attributable to shareholders of listed company (RMB)	504,799,303.45	360,791,143.44	375,446,602.61	702,906,559.44
Net profit attributable to shareholders of listed company with non-recurring profit or loss deducted	468,498,175.18	391,677,546.49	352,719,456.67	645,141,378.46
Net cash flows from operating activities	576,498,821.51	-276,068,058.06	267,930,971.06	1,481,519,834.18

Any difference between financial indicators or the total and relevant financial indicators disclosed in quarter-based report or semiannual report

☐ Yes ☒ No

IX. Non-recurring Profit or Loss Items and Amount

☒ Applicable ☐ Not-applicable

Unit: RMB

Item	Amount of 2021	Amount of 2020	Amount in 2019	Notes
Profit and loss on disposal of non-current assets (including the write-off of provision for asset impairment)	-5,168,056.19	-1,663,881.06	-2,105,177.52	
Government subsidies included into the current profits and losses (except those that are closely related to the Company's normal business operations, comply with national policies and regulations and continuously available according to certain standard quota or quantity)	181,083,262.46	202,566,619.42	165,824,087.78	
Capital occupation fee charged to non-financial enterprises included in current profits and losses	1,849,173.62			
Enterprise restructuring costs, such as expenses for employee placement and integration costs	-59,398,185.22			
Except the effective hedging business related to the normal operation of the Company, profits and losses from fair value changes caused by the held transactional finance assets and transactional financial liabilities, and investment income acquired from disposal of transactional financial assets, transactional financial liabilities and available-for-sale financial assets	5,385,851.68	88,892,019.40	66,972,830.91	
Other non-operating incomes or expenditures except for the foregoing items	6,654,792.26	5,607,120.28	-21,635,004.92	
Other profit or loss conforming to the definition of non-recurring profit or loss		9,097,243.99	12,102,997.12	
Minus: influenced amount of income tax	43,945,276.71	53,320,043.15	35,547,895.67	

Influenced amount of minority shareholders' equities (after tax)	554,509.76	136,105.05	-80.89	
Total	85,907,052.14	251,042,973.83	185,611,918.59	--

Specific circumstances of other items of profits and losses complying with the definition of non-recurring profits or losses:

☐ Applicable ☒ Not-applicable

The Company does not have other specific circumstances of other items of profits and losses complying with the definition of non-recurring profits or losses.

Description of defining non-recurring profits or losses items listed in the Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss as recurring profits and losses

☐ Applicable ☒ Not-applicable

The Company does not define non-recurring profits or losses items listed in the Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss as recurring profits and losses.

SECTION III DISCUSSION AND ANALYSIS OF THE MANAGEMENT

I. Industrial situation of the Company in the reporting period

The COVID-19 pandemic was still spreading globally in 2021. Although the domestic prevention and control of the pandemic has achieved great results, the recurring outbreak of small-scale pandemic incidents has repeatedly impacted the recovery of domestic economy adversely. The pandemic in the two successive years has exerted a deep impact on the small domestic appliance and cookware industry in which the Company is dealing with. In addition, the soaring prices of bulk raw materials, surging costs of international logistics, and depressed supply chains, many medium- and small-sized enterprises in the industry have confronted great challenges in their business operation. Furthermore, resident income has also been impacted by the pandemic and the depression of macroeconomics, and the consumption demand of the domestic sales market has experienced a major pressure due to the weakening consumption capacity. At the same time, we also have observed that the general trend of consumption upgrade in the post-pandemic era remains unchanged, and the further improvement in the urbanization rate in China, expedited facilitation of common prosperity, and popularization of pension, medical insurance and other social benefits, have provided a long-term support for the consumption upgrade. With the general trend of consumption upgrade, the continuous innovation and consumer research and the precise matching with the segment populations' high-end, individualized, fashion-orientated and intellectualized demand will become the major impetus that drives the growth of consumption in the industry.

In the field of open fire cookware, the overall market scale declined slightly in 2021 due to the demise of the residence economy and the reduced frequency of consumer cooking behaviors. With the rising costs, long-tailed brands withdraw from the market one after another, and the concentration of top brands in the industry has intensified. Meanwhile, the flow of offline channels such as shopping market continues to drop, and sales have been shifting from offline to online channels. According to the data of 30 major cities in China monitored by GFK, the offline retail sales of the eight major product categories of open fire cookware (wok, pressure cooker, frying pan, stockpot, milk pot, steamer, cookware set, and ceramic slow cooker) declined by 10% in 2021 on a year-on-year basis. According to the monitoring data of AVC, the online retail sales of the eleven major product categories of open fire cookware (wok, pressure cooker, milk pot, frying pan, kettle, casserole, stockpot, steamer, enamel pot, and cooker set) increased by 0.8% in 2021. In terms of the sales performance of various product categories, the rigidly demanded product categories of wok and pressure cooker demonstrated strong vitality, and the categories of frying pan, milk pot and others showed a decline from the high base amount in 2020. However, on the other side, the trend of consumption upgrade in the open fire cookware market remains unchanged, the proportion of mid-end and high-end products (in terms of pricing) keeps rising, and healthy materials such as 316L stainless steel and titanium are favored by consumers.

In the industry of small domestic appliance, the purchase behaviors of consumers tended to be more rational in 2021. Since consumers have higher requirements for the technology and quality of core product categories, plus their higher sensitivity to the idling problem of segment product categories, the consumption demand for small domestic appliance of kitchenware is continuously challenged, and the industry is seeing a negative growth as a whole. According to the full-channel data from AVC, the retail sales of total 12 product categories of small domestic appliance (electric rice cooker, induction hob, electric pressure cooker, soymilk maker, high-speed blender, blender, juicer, electric kettle, baked machine, health kettle, electric steaming stewpot, and desktop single-function oven) amounted to RMB 51.4 billion in 2021, representing a year-on-year decline of 14.1%. In terms of the performance of varied product categories, the rigidly-demanded product categories (electric rice cooker, electric pressure cooker, and electric kettle) showed strong resilience, whose online sales performance is steady year-on-year. Small domestic appliance of western baking and cuisine such as desktop single-function oven, high-speed blender, and baked machine showed a sharp decline from the fast growth in 2020. The

versatility-oriented product categories of health kettle and electric steaming stewpot showed excellent performance in 2021, revealing the consumer preference on health and multi-function. In addition, the market of oil-free air fryer is growing rapidly, with the market scale reaching beyond RMB 3.7 billion in 2021, which sets off the market decline of traditional product categories to a certain extent.

II. Main business during reporting period

As China's famous cookware R&D and manufacturing company, Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company") is a China's leading manufacturer of small domestic appliances and also the first listed company in China's cookware industry. Established in 1994, the headquarters of the Company locates in Hangzhou owning 6 R&D and manufacture bases located in Yuhuan City, Hangzhou City, Shaoxing City (Yuecheng District and Keqiao District) in Zhejiang Province, Wuhan City, Hubei Province and Ho Chi Minh City, Vietnam, with 11,840 employees in total.

Developed strategic cooperation relationship with the Company since 2006, SEB Group is the actual controller of the Company. By the end of the reporting period, SEB Group held 82.44% shares of the Company. With a long history of more than 160 years, SEB Group is the world's famous cookware R&D manufacturer and small domestic appliance with about 350 million products sold to more than 160 countries and regions worldwide per year.

Supor's main businesses include open fire cookware and kitchen utensil, small domestic appliance, kitchen & electric appliance and H&PC appliance.

(1) Open fire cookware and kitchen utensils mainly include wok, pressure cooker, frying pan, sauce pan, steamer, ceramic slow cooker, kettle, knife, spatula, thermal pot, thermos & flask, kitchen gadgets, crisper, etc.

(2) The small domestic appliance mainly includes electric rice cooker, electric pressure cooker, induction hob, soymilk maker, electric kettle, juicer, slow cooker, electric steamer, electric chafing dish, food processor, baked machine, air fryer, etc.

(3) The kitchen & electric appliance mainly includes range hood, gas stove, disinfection cabinet, water purifier, embedded steaming oven, water heater, integrated stove, etc.;

(4) The H&PC appliance mainly includes air purifier, clothes steamers, dust collector, floor washer and electric iron.

The Company's cookware and electrical products have been exported to more than 50 countries and regions such as Japan, European and American countries mainly through SEB Group.

III. Core competitiveness analysis

(I) Superior product innovation capacity

As a company long time devoted to R&D, manufacturing and sales of open fire cookware and small domestic appliances, Supor has an acute observation and scientific research of the needs of Chinese consumers and has developed a systematic innovation system to ceaselessly launch new products in the market.

After 1994 when Supor launched the domestic first safety pressure cooker, the Company also launched the first electric rice cooker with ceramic crystal liner in 2005, pioneered the uncoated stainless iron pan technology in 2007, successfully introduced SEB thermo-spot patented technology in 2009, launched the industrial first IH electric rice cooker in 2011, pioneered the spherical liner in 2013, ceremoniously launched the industrial first steam IH electric rice cooker with spherical liner in 2015, innovated technology of electric rice cooker liner and launched the Shallow Pot IH Rice Cooker in 2018 and launched the handy, lighter and healthier "Core Iron II" wok, and the "Air-cooled Xpress electric rice cooker" with the rice cooked within half the time under the same quality in 2020. In 2021, Supor rolled out the new-generation anti-corrosion and anti-perforation ti-authentic stainless steel wok and the oil-concentrated frying pan that can fry sun eggs with a little oil. In terms of small domestic appliance, the Company has launched the industry's first far-infrared IH electric rice cooker and the high-end multi-functional food processor, continuing to lead the development of the industry.

According to the monitoring data of GFK and monitoring data of AVC in 2021, the market share of Supor cookware has retained the top position in the market steadily. Based on the monitoring data of AVC in 2021, the market share of Supor's small domestic appliance ranks second.

(II) Steady distributor network

Supor has stable distributor teams, and maintained good cooperative relationship with them. The relatively high coverage rate and density of its sales network ensure the uninterrupted supply of Supor products.

(III) Strong R&D and manufacturing capacity of open fire cookware and small domestic appliance

Supor has built up six R&D production bases, respectively in Yuhuan City, Hangzhou City, Shaoxing City in Zhejiang Province, Wuhan City, Hubei Province and Ho Chi Minh City, Vietnam. In particular, the annual production scale of Wuhan Base and Shaoxing Base ranked the top in the industry. The strong R&D power and the highly professional R&D team provide a powerful guarantee for the quality and innovation capacity of Supor products.

(IV) Synergistic effect of integration with SEB

Since 2006, the Company has started to establish strategic cooperation relationship with SEB which owns a long history of more than 160 years with leading market shares of cookware and small domestic appliances worldwide. The powerful cooperation between Supor and SEB has brought stable export orders to the Company, and increased its overall business size and manufacturing capacity. Meanwhile, the cooperation in aspects of R&D and management has continuously enhanced the core competitiveness of the Company over the years.

(V) Professional advantage of multiple brands and varieties in kitchen field

In addition to Supor brand, the Company also introduced a lot of high-end brands under SEB, such as WMF, LAGOSTINA, KRUPS, and TEFAL so as to fully cover the high-end brands in kitchen field. The Company's open fire cookware and small domestic appliances rank the first class nationwide. It also explores new varieties actively such as kitchen & electric appliance and kitchen utensils. The Company has formed its strong competition advantages due to its layout of multiple brands and varieties in kitchen field.

IV. Main business analysis

During the reporting period, the Company achieved an operating income of RMB 21,585,331,407.47, representing a year-on-year growth of 16.07%, which is because the Company has successfully implemented the domestic sales online channel transformation strategy since 2020, optimization of online product sales structure, and the rapid growth of order transferred from SEB in foreign trade, and thus the Company achieved a favorable growth in the operating income in 2021. Net profit belonging to shareholders of listed companies was RMB 1,943,943,608.94 with a year-on-year increase of 5.29%; and the earnings per share of RMB 2.400, up 6.01% year on year. Among them, the realized revenue from the main business of CW was RMB 6,702,257,811.38, rose by 21.72% on a year-on-year basis; the realized revenue from the main business of electric appliance was RMB 14,641,378,116.19, rose by 13.37% on a year-on-year basis; the realized revenue from the main business of domestic sales was RMB 14,083,050,825.58, rose by 10.72% on a year-on-year basis; the realized revenue from the main business of foreign trade was RMB 7,289,474,144.49, rose by 27.28% on a year-on-year basis.

1. Overview

(I) Domestic sales in the reporting period**1. Product strategy**

During the reporting period, Supor continued the "consumer-centric" strategy guiding its innovation and development of new products, and deeply explored the needs of segmented users under different scenarios by means of internet data, so as to constant provide smart and ingenious product solutions that meet diversified consumer needs and offer intimate, comprehensive consumer experiences.

In the business of open fire cookware, Supor has continuously explored the consumer demand on the use of cookware and kept accelerating the expansion of products with core competitiveness. In 2021, in terms of the wok category, the Company launched the ti-authentic stainless steel wok, which adopts the patented ferrotitanium cladding technology significantly improve the anti-corrosion and anti-perforation capacity in contrast with traditional iron woks, and its titaniferous antibacterial uncoated base material provides

healthier cooking experience to consumers. In terms of the frying pan category, the Company launched the oil-concentration series products, whose patented oil concentration and protrusion prevention technology can prevent the pot bottom from protruding, allow even oil concentration, prevent overheating during drying, and produce lovely sun eggs with only a little oil. According to the market share data of cookware for the 30 major cities in China as monitored by GFK, the total offline market shares of the eight major product categories of Supor open fire cookware (wok, pressure cooker, frying pan, stockpot, milk pot, steamer, cookware set, and ceramic slow cooker) reached 48.4% in 2021, continuing to maintain the leading advantages as the top brand in the industry. According to the network-wide market shares data as monitored by AVC, the total online market shares of the ten major product categories of Supor open fire cookware (wok, pressure cooker, frying pan, milk pot, stockpot, kettle, casserole, hot pot, steamer, and cookware set) reached 21.7% in 2021, which is three-fold to that of the 2nd brand.

Supor continuously and positively expands the water cup and kitchen utensil categories. In terms of the water cup category, the Company enhances the rejuvenation marketing, and engages the spokesperson Fan Chengcheng and utilizes the top-level art IP resources of the British Museum to launch the co-branding product series, which are popular among young consumers. In the field of the kitchen utensil category, the Company continuously explores consumption bottlenecks and scenarios to create products, and the innovative kitchen knife design has combined with the use habits of Chinese consumers, which emphasizes on the design of ventilation and draining, with a view to keeping the kitchen tops from ponding and bacteria reproduction. As for the chopping board category, the Company launches the antibacterial series, which are adopted with the silver ion total-penetration technology, and the chopping seams remain resistant to bacteria, so as to persistently ensuring consumer health at all times.

In the business of small domestic appliance, Supor adheres to the differentiated product innovation strategy at all times, and continuously rolls out innovative and intelligent products which provide creative functions for healthy and nutritious cooking. Supor and China National Rice Research Institute jointly launched the industry's first far-infrared electric rice cooker featuring the far-infrared heating technology in 2021, adopting the differentiated far-infrared penetration heating technology to improve heating efficiency and effectively stimulate the aroma of rice. With Supor's tenth-generation wide-port spherical bottom liner to provide consumers with sweeter, plumper and greater experience of steamed rice, the product has quickly become the leading product in the offline channel and the online channel of the high-end price segment of RMB 1,000+. Supor launched the new concept product Xiao C chef, a multi-functional food processor, which adopts the guided recipes as if the cooking is guided by the chef in person, and the patented industry-leading instant networking technology (simple touch by mobile phone), to bring consumers with better experience of cooking dishes. Embracing the product category development trend, Supor also launched the new-generation detachable and washable air fryer with a detachable and transparent glass cover, which adopts the side-mounted heating fan technology to ensure no leakage of heated oil for side baking and frying. According to the monitoring data of AVC, the online total market share of the thirteen major product categories of Supor's small domestic appliance (electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, slow cooker, high-speed blender, juicer, electricity cake clang, electric steamer, electric oven, and health kettle) reached 21.1% in 2021, nearly ranking first in the industry. The offline total market share of the eleven major product categories of Supor's small domestic appliance (electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, slow cooker, high-speed blender, blender, juicer, electricity cake clang, and health kettle) reached 30.1% in 2021, ranking second in the industry steadily.

Meanwhile, Supor persistently facilitates the product category development of H&PC appliance, and launched the industry's first suction and mopping integrated dust collector which doesn't require manual washing in 2021. With the design of front suction and rear mopping, the integrated function of the product can easily meet the cleaning requirements, and the compact and lightweight product body allows access to the bottom of furniture for deep cleaning. The product also has the intelligent self-cleaning mechanism, which provides the one-key automatic mop-cleaning function. In terms of the clothes steamer category, Supor continues to keep the leading position in the industry. According to the monitoring data of AVC, the total online market share of Supor's clothes steamer category has reached 10.5%, ranking second in the industry. The total offline market share of Supor's clothes steamer category has reached 29.8%, ranking first in the industry steadily.

In the business of kitchen & electric appliance, Supor continues to enhance the development in the branding of kitchen & electric appliance. Amongst others, the launched dual-wing instant extractor hood adopts the vertical oil extraction to draw oil and fume in a

shorter distance, with the patented flow distribution technology to realize adjustable left-right flow and allow immediate oil and fume extraction at any point; The launched ultimate-fire gas stove provides a wind range of fire power (0.18-5.2KW), allowing unmanned cooking regardless of stir frying or simmering. According to the monitoring data of AVC, the total online market share of Supor's stove category reached 14.6% in 2021, ranking first in the industry.

2. Channel strategy

With the accelerated integration of online and offline markets, Supor remained "consumer-centric" and kept optimizing its layout of channels based on the changes in consumers' purchase path, thereby meeting the needs of various consumers through a multi-channel, multi-mode layout matrix. The Company insisted on winning consumers' trust with high-quality products, and winning distributors' and retailers' support with excellent services.

In 2021, Supor speeded up the channel reform, and the marketing efficiency further improved as a result. During the reporting period, the Company continued to strengthen the construction of online channels, with the e-commerce business maintaining rapid growth, whose share in Supor's overall domestic sales continued to increase.

In order to better promote sales in the online channels, Supor continues with and enhances the construction of the e-commerce "stock-taking" model, enables the unified warehousing and allocation for both distributor commodities and self-operating commodities, improves the channel capital turnover efficiency, and effectively relieves the financial pressure of the distributors.

On the traditional e-commerce platforms of Tmall and JD, Supor has gradually completed the store matrix development, and has strongly promoted direct sales through the DTC official flagship store, with a view to more precisely reaching out to and providing better services to consumers through the mode of direct interaction.

On emerging social e-commerce platforms such as TikTok and Kwai, Supor accelerates the reform, positively explores growth points of new channels, acts positively to embrace the distribution rules variation of platform flows, and establishes favorable strategic cooperation with the platforms and top live-streamers. In 2021, Supor took the first-mover advantage on the major social platforms of TikTok and Kwai, etc., with market shares of major product categories ranking first.

In 2021, Supor has been continuously implementing the strategy of promoting new products and selling high-value products, in a bid to increase the sales proportion of high added-value and high margin products through the innovation of differentiated products and marketing measures, and has successfully improved the profitability of online channels. During the grand promotion event of the e-commerce "Double 11" in 2021, Supor realized a total sales amount of RMB 1.68 billion, and many of Supor's single products ranked first in the sales of the corresponding categories, along with the significant increase in the profitability of varied product categories.

In terms of offline channels, due to the continuous influence of the COVID-19 pandemic, the traditional channels of tier-1 and 2 markets are facing great challenges in the business operating environment. Supor and offline distributors are working together to actively cope with the adverse situation so as to enhance the refinement operation of the terminals and facilitate the improvement in store sales effectiveness, thus the overall market position remains solid. Meanwhile, Supor also has kept implementing its development strategy for tier-3 and 4 markets, and speeded up the comprehensive cooperation with e-commerce platforms such as JD, Tmall and Suning in O2O channels in lower-tier market, where its advantages in the differentiation of mid- to high-end products and stable agents can be leveraged for new growth points in tier-3 and 4 markets.

3. Brand building

In the reporting period, the Company continuously enhances the brand development and digital marketing transformation, increases the investment in digital medias, explores the new product promotion mode focusing on content marketing, and realizes precise access to consumers and improves consumer experience. Meanwhile, it gives play to the advantages of diversified product categories based on precise data insights, and improves the cross repurchase of different product categories. The Company utilizes the celebrity cooperation and platform marketing IP mode, works with the cultural and sports celebrities such as Fan Chengcheng, Su Bingtian, and Liu Yuning, participates in the events such as Tmall Reunion Day, JD Super Day, and TikTok Super Day, and continuously breaks through to improve the awareness of young consumers.

It further moves to enhance the development of the brand membership center to promote user favorability and loyalty to the brand, and takes the consumer refinement operation as the means to create the ultimate user experience of the brand on an overall basis. In

addition, it has launched the brand-new membership mini-program as the platform for interaction between the brand and consumers, which provides consumers with more convenient brand experience and purchase & after-sale services, and builds a content community with higher brand warmth through joint content creation with the consumers.

(II) Export sales in the reporting period

In the business of foreign trade, due to the significant and rapid price rising of bulk raw materials such as aluminum, stainless steel, and copper in 2021, the exchange rate of RMB to USD is constantly appreciating, plus the obstructed international logistics, longer shipment periods and escalating logistical costs, the cost pressure of international buyers is intensified as a result.

Due to the sales growth of the SEB Group in the global market and the impeded full recovery of the global supply chain caused by the pandemic in 2021, the orders of the SEP Group have been continuously transferred to Supor, and thus the revenue of the Company's main business in foreign trade has realized a year-on-year growth of 27.28% overall. However, the significant rise of raw material costs has also created a major impact on the Company's profitability in the short run.

2. Revenues and costs

(1) Contents of total sale

Unit: RMB

	2021		2020		Increase / decrease YoY (%)
	Amount	Percentage to total operating income	Amount	Percentage to total operating income	
Total operating income	21,585,331,407.47	100.00%	18,596,944,289.02	100.00%	16.07%
By industry					
Cookware	6,702,257,811.38	31.05%	5,506,457,504.14	29.61%	21.72%
Electric appliance	14,641,378,116.19	67.83%	12,914,536,288.80	69.44%	13.37%
Others	241,695,479.90	1.12%	175,950,496.08	0.95%	37.37%
By products					
Cookware and utensil	6,702,257,811.38	31.05%	5,506,457,504.14	29.61%	21.72%
Electrical cooking	9,034,130,069.36	41.85%	7,633,119,425.66	41.05%	18.35%
Food cooking appliance	3,563,543,509.79	16.51%	3,561,548,911.32	19.15%	0.06%
Other domestic appliance	2,285,400,016.94	10.59%	1,895,818,447.90	10.19%	20.55%
By areas					
Domestic sales	14,259,688,624.49	66.06%	12,869,743,779.57	69.20%	10.80%
Export sales	7,325,642,782.98	33.94%	5,727,200,509.45	30.80%	27.91%
By sales mode					
Direct sales	1,832,866,623.49	8.49%	408,429,262.79	2.20%	348.76%
Distribution	12,432,653,195.35	57.60%	12,470,902,170.61	67.06%	-0.31%
OEM	7,319,811,588.63	33.91%	5,717,612,855.62	30.74%	28.02%

Remarks: "Others" by industry, "Other domestic electric appliances" by product, and region-based and sales-based modes exceptionally include other business incomes, the same below.

(2) Industry, product, area or sales mode that accounts for more than 10% of the Company's operating income or operating profit

√ Applicable □ Not-applicable

Unit: RMB

	Operating income	Operating cost	Gross margin	Increase / decrease YoY (%) for operating income	Increase / decrease YoY (%) for operating cost	Increase / decrease YoY (%) for gross margin
By industry						
Cookware	6,702,257,811.38	4,955,161,624.35	26.07%	21.72%	30.82%	-5.15%
Electrical appliance	14,641,378,116.19	11,468,837,009.63	21.67%	13.37%	17.75%	-2.91%
By products						
Cookware and utensil	6,702,257,811.38	4,955,161,624.35	26.07%	21.72%	30.82%	-5.15%
Electrical cooking	9,034,130,069.36	7,026,157,205.54	22.23%	18.35%	23.23%	-3.08%
Food cooking appliance	3,563,543,509.79	2,913,355,186.94	18.25%	0.06%	5.05%	-3.89%
Other domestic appliance	2,285,400,016.94	1,726,939,143.97	24.44%	20.55%	21.54%	-0.62%
By areas						
Domestic sales	14,259,688,624.49	10,389,561,949.95	27.14%	10.80%	14.37%	-2.27%
Export sales	7,325,642,782.98	6,232,051,210.85	14.93%	27.91%	35.51%	-4.77%
By sales mode						
Distribution	12,432,653,195.35	9,315,669,517.54	25.07%	-0.31%	4.76%	-3.62%
OEM	7,319,811,588.63	6,226,833,971.92	14.93%	28.02%	35.65%	-4.78%

Remarks: The decrease in the gross margin of the current period is mainly due to the implementation of New Revenue Standards in the current period, which reclassifies transportation expenses related to the sales of commodities from "sales expenses" to "operating costs". In addition, the rise in the prices of bulk raw materials has also affected the gross margin of the current period. According to the statistics before the reclassification, the Company's overall gross margin fell slightly by 0.38% in 2021 on a year-on-year basis.

If the statistical caliber of the Company's operation business data is adjusted in the reporting period, the main operation business data for the latest year after the statistical caliber is adjusted.

□ Applicable √ Not-applicable

(3) Practical sales revenue greater than labor income

√ Yes □ No

Industrial classification	Item	Unit	2021	2020	Increase / decrease YoY (%)
Cookware	Sales volume	pcs/set	87,207,431	72,313,680	20.60%

	Output	pcs/set	54,282,300	44,789,300	21.19%
	Stock	pcs/set	13,251,243	11,690,673	13.35%
Electrical products	Sales volume	pcs/set	96,246,268	90,540,127	6.30%
	Output	pcs/set	68,684,534	59,816,199	14.83%
	Stock	pcs/set	13,030,358	10,160,169	28.25%
Total	Sales volume	pcs/set	183,453,699	162,853,807	12.65%
	Output	pcs/set	122,966,834	104,605,499	17.55%
	Stock	pcs/set	26,281,601	21,850,842	20.28%

Descriptions of cause with above 30% change of relevant data on a YoY basis

☐ Applicable ☒ Not-applicable

(4) Performance of important sales contracts and purchase contracts signed till this reporting period

☐ Applicable ☒ Not-applicable

(5) Structure of operating costs

Category of industry and product

Unit: RMB

Industrial classification	Item	2021		2020		Increase / decrease YoY (%)
		Amount	Proportion of operating cost	Amount	Proportion of operating cost	
Cookware	Operating cost	4,955,161,624.35	29.81%	3,787,663,375.63	27.68%	30.82%
Electrical appliance	Operating cost	11,468,837,009.63	69.00%	9,740,223,128.35	71.18%	17.75%
Others	Operating cost	197,614,526.82	1.19%	155,389,820.33	1.14%	27.17%

Unit: RMB

Category of product	Item	2021		2020		Increase / decrease YoY (%)
		Amount	Proportion of operating cost	Amount	Proportion of operating cost	
Cookware and utensil	Operating cost	4,955,161,624.35	29.81%	3,787,663,375.63	27.68%	30.82%
Electrical cooking	Operating cost	7,026,157,205.54	42.27%	5,701,536,779.77	41.67%	23.23%
Food cooking appliance	Operating cost	2,913,355,186.94	17.53%	2,773,189,157.94	20.27%	5.05%
Other domestic appliance	Operating cost	1,726,939,143.97	10.39%	1,420,887,010.97	10.38%	21.54%

Notes

(6) Change of merger scope during the reporting period√ Yes ☐ No

For details, please see "VIII. Change on merger scope" of SECTION X "FINANCIAL STATEMENT".

(7) Important change or adjustment for the Company's businesses, products or services in the reporting period☐ Applicable √ Not-applicable**(8) Main sales customers and suppliers**

Main sales customers

Total amount of sales to top 5 customers (RMB)	8,960,784,261.88
Proportion of total amount of sales of top 5 customers in the year's total sales (%)	41.52%
Proportion for related party's sales amount of sales amount of top 5 customers in annual total sales amount	30.94%

Information on the Company's five major customers

SN	Customer	Sales amount (RMB)	Proportion in the total sales amount of the year (%)
1	SEB ASIA LTD	6,678,723,185.63	30.94%
2	Customer 1	993,876,342.01	4.60%
3	Customer 2	612,034,994.88	2.84%
4	Customer 3	342,618,642.52	1.59%
5	Customer 4	333,531,096.84	1.55%
Total	--	8,960,784,261.88	41.52%

Instruction for main customers' other cases

☐ Applicable √ Not-applicable

The Company's main supplier

Total purchasing value from top 5 suppliers (RMB)	1,690,479,351.51
Proportion of total purchasing value of top 5 suppliers in the year's total purchasing value	10.62%
Proportion for related party's purchase amount of purchase amount of top 5 suppliers in annual total purchase amount	0.00%

Information on the Company's top 5 suppliers

SN	Supplier	Purchasing value (RMB)	Proportion in the total purchasing amount of the year
1	Supplier 1	387,112,466.10	2.43%
2	Supplier 2	354,885,044.57	2.23%
3	Supplier 3	326,667,611.50	2.05%

4	Supplier 4	311,680,317.11	1.96%
5	Supplier 5	310,133,912.22	1.95%
Total	--	1,690,479,351.52	10.62%

Instruction for main suppliers' other cases

☐ Applicable ☒ Not-applicable

3. Expenses

Unit: RMB

	2021	2020	Increase / decrease YoY (%)	Descriptions of major changes
Sales expenses	1,909,953,095.54	2,123,746,792.97	-10.07%	
Administrative expenses	400,779,608.67	317,729,288.60	26.14%	
Financial expenses	-6,482,301.16	-9,027,790.05	28.20%	
R&D expenses	450,110,510.51	441,725,804.62	1.90%	

4. R&D investment

☒ Applicable ☐ Not-applicable

Oriented by consumers' demand, the Company engages in R&D of the differential products that meet kitchen demand and local eating and life habits. The Company lays emphasis on R&D investment, boosts technical innovation actively, further explores product category and adds product additional value; respects customer's experience and focuses on all details of consumer use in order to realize safe, environmentally friendly, convenient and fashionable products. R&D expenditure in this year accounts for 5.88% and 2.09% of net assets and operating income audited in the recent period.

R&D personnel of the Company

	2021	2020	Change proportion
Qty. of R&D personnel (person)	1,378	1,312	5.03%
Proportion of R&D personnel	11.64%	10.89%	0.75%
Educational background structure of R&D personnel	—	—	—
Bachelor's degree	513	472	8.69%
Master's degree	44	33	33.33%
Age composition of R&D personnel	—	—	—
< 30 years old	378	272	38.97%
30-40 years old	709	725	-2.21%

R&D investment of the Company

	2021	2020	Change proportion
Amount of R&D input (RMB)	450,110,510.51	441,725,804.62	1.90%

Proportion of R&D input in total operating income	2.09%	2.38%	-0.29%
Capitalization amount of R&D input (RMB)	0	0	0%
Proportion of Capitalization R&D input in R&D input	0%	0%	0%

Cause and influence of major changes of the Company's R&D personnel composition

☐ Applicable ☒ Not-applicable

Reason for large change for proportion of total R&D input in operating income compared with that of last year

☐ Applicable ☒ Not-applicable

Reason and rational introduction for large capitalization change of R&D input

☐ Applicable ☒ Not-applicable

5. Cash flow

Unit: RMB

Item	2021	2020	Increase / decrease YoY (%)
Subtotal of cash inflows from operating activities	24,022,963,105.23	20,505,327,169.66	17.15%
Subtotal of cash outflows from operating activities	21,973,081,536.54	18,428,734,395.66	19.23%
Net cash flows from operating activities	2,049,881,568.69	2,076,592,774.00	-1.29%
Subtotal of cash inflows from investing activities	1,599,917,532.89	2,844,303,755.55	-43.75%
Subtotal of cash outflows from investing activities	1,260,464,895.97	2,995,178,445.02	-57.92%
Net cash flows from investing activities	339,452,636.92	-150,874,689.47	324.99%
Subtotal of cash inflows from financing activities	6,308,689.63	31,608,611.26	-80.04%
Subtotal of cash outflows from financing activities	1,600,215,585.25	1,496,504,335.83	6.93%
Net cash flows from financing activities	-1,593,906,895.62	-1,464,895,724.57	-8.81%
Net increase in cash and cash equivalents	787,945,760.02	421,653,261.88	86.87%

Instruction for main influence factors of relevant data with YoY (%) changed seriously

☒ Applicable ☐ Not-applicable

Change reasons:

1. The net cash flow from investing activities increased by 324.99% compared with the same period of last year, which was mainly due to the decrease of cash expenditure invested in financial products in the cash outflow from investing activities in the current period.
2. The net increase of cash and cash equivalents increased by 86.87% compared with the same period of last year, which was mainly due to the increase of net cash flow generated from investing activities in the current period.

Reason for great change between net cash flow caused by operating activities and annual net profits during the reporting period

☐ Applicable ☒ Not-applicable

V. Analysis on non-primary business

☐ Applicable ☒ Not-applicable

VI. Analysis on assets and liabilities

1. Significant changes in assets

Unit: RMB

	End of 2021		Beginning of 2021		Increase/ decrease in proportion	Descriptions of major changes
	Amount	Percentage to total assets	Amount	Percentage to total assets		
Monetary capital	2,654,052,417.47	19.09%	1,719,785,919.04	13.79%	5.30%	Mainly due to cash inflows from the Company's business operation during the reporting period.
Accounts receivable	2,716,945,985.33	19.55%	2,228,302,318.44	17.87%	1.68%	Mainly due to the increase in accounts receivable from expanded foreign sales during the reporting period.
Inventories	3,096,517,055.33	22.28%	2,409,298,690.29	19.32%	2.96%	Mainly due to the growth in the sales scale and the increase in the stock of raw materials caused by price rise of raw materials.
Long-term equity investment	65,600,611.64	0.47%	64,448,318.46	0.52%	-0.05%	No significant change in the reporting period.
Fixed assets	1,291,902,992.54	9.29%	1,228,535,067.85	9.85%	-0.56%	No significant change in the reporting period.
Construction in progress	26,482,779.31	0.19%	47,175,324.72	0.38%	-0.19%	No significant change in the reporting period.
Right-of-use assets	195,528,644.13	1.41%	179,810,097.27	1.44%	-0.03%	No significant change in the reporting period.
Contract liabilities	893,741,863.21	6.43%	850,983,303.37	6.82%	-0.39%	No significant change in the reporting period.
Lease obligation	157,420,210.81	1.13%	149,626,254.20	1.20%	-0.07%	No significant change in the reporting period.
Notes receivable	54,879,357.24	0.39%	245,053,093.69	1.96%	-1.57%	Mainly due to the decrease in the amount of bank acceptance bill which has been endorsed and not yet due at the end of the reporting period.
Receivables financing	3,312,225.62	0.02%	321,162,886.99	2.58%	-2.56%	Mainly due to the Company's growth in the direct sales to consumers on e-commerce platforms and the increase of cash receivables payment proportion (and thus the decrease in bank acceptance bill) during the reporting

						period.
Advance payment	385,367,862.85	2.77%	179,491,969.23	1.44%	1.33%	Mainly due to the increase in the prepayment for purchase of materials during the reporting period.
Other receivables	12,159,756.67	0.09%	40,164,877.32	0.32%	-0.23%	No significant change in the reporting period.
Other current assets	2,055,027,382.63	14.78%	2,857,567,546.59	22.91%	-8.13%	Mainly due to the maturity and delivery of term deposit investment at the end of the reporting period.
Other creditors' investment	298,191,205.49	2.15%			2.15%	Mainly due to the increase of investment in negotiable certificates of deposit at the end of the reporting period.

High proportion of overseas assets

☐ Applicable ☒ Not-applicable**2. Assets and liabilities measured at the fair value**☒ Applicable ☐ Not-applicable

Unit: RMB

Item	Opening balance	Profit and loss from fair value changes in the current period	Accumulated fair value changes included into equity	Impairment loss of the current period	Amount of purchasing of the current period	Amount of selling of the current period	Other changes	Closing balance
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	115,992,105.03	1,735,389.75			220,000,000.00	157,414,752.47		180,312,742.31
2. Receivables financing	321,162,886.99						-317,850,661.37	3,312,225.62
3. Other debt investments					456,059,354.70	161,518,611.14	3,650,461.93	298,191,205.49
Total	437,154,992.02	1,735,389.75			676,059,354.70	318,933,363.61	-314,200,199.44	481,816,173.42

Financial liabilities	0.00	0.00			0.00	0.00	0.00	0.00
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Content of other changes

Receivables financing: As the demand of daily fund management, the Group will discount or transfer an endorsed bill, the management mode of related bank acceptance bill including not only collect contract cash flow but sales as the target, so reclass the bank acceptance bill as financial assets measured at the fair value with their changes included into other comprehensive incomes.

Are there any major changes about the valuation attribute of Company's main assets in the reporting period?

☐ Yes ☒ No

3. Restrictions of assets and rights by the end of reporting period

Please see the detail in 53. "Assets with title or use right restrictions", VII "Notes to items of consolidated financial statements", SECTION X "FINANCIAL REPORT".

VII. Analysis on investment

1. General conditions

☐ Applicable ☒ Not-applicable

2. Significant equity investment to be acquired in the reporting period

☐ Applicable ☒ Not-applicable

3. Significant non-equity investment to be handled in the reporting period

☐ Applicable ☒ Not-applicable

4. Investments in financial assets

(1) Conditions of the securities investment

☐ Applicable ☒ Not-applicable

The Company involves no securities investment in the reporting period.

(2) Derivative investment

☒ Applicable ☐ Not-applicable

Unit: RMB 10,000

Name of derivative investment operating	Correlated relation	Whether to be related transactions	Derivative investment type	Initial investment amount for derivative	Start date	Expiry date	Investment amount at the beginning of	Purchase amount during the reporting	Sales amount during the reporting	Amount of impairment provision accrued (if	Investment amount at the end of the period	Proportion of investment amount at	Actual profit and loss amount
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side				investment			the period	period	period	any)		the end of the period in the Company's net assets at the end of the reporting period	during the reporting period
Banks	None	No	FX derivatives	12,664.16	January 61, 2021	December 31, 2021	12,664.16	102,084.89	99,958.50		14,790.55	1.94%	391.46
Total				12,664.16	--	--	12,664.16	102,084.89	99,958.50		14,790.55	1.94%	391.46
Capital source of derivative investment				Self-owned capital									
Litigation-related situation (if applicable)				Not-applicable									
As for approval of derivative investment, the Board of Directors will announce disclosure date (if any)				April 1, 2021									
As for approval of derivative investment, the Board of Shareholders will announce disclosure date (if any)				Not-applicable									
Risk analysis and control measure explanation for derivative holding a position during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk and law risk)				<p>To reduce the risks arising from fluctuations in exchange and interest rates, and to strengthen the monitoring and control of foreign currency-denominated asset positions, the Company has conducted trading business of FX derivatives.</p> <p>(I) Risks of conducting FX derivatives transactions</p> <p>1. Price fluctuation risk: market risks, such as losses resulted from changes in the price of foreign exchange derivatives due to the fluctuated underlying interest rate, exchange rate or other market price, may arise.</p> <p>2. Internal control risk: considering the specialty and complexity of FX derivatives trading business, inadequate internal control mechanisms may lead to risks.</p> <p>3. Liquidity risks: risk of failure to complete transactions due to lack of market liquidity.</p> <p>4. Performance risk: FX derivatives business faces the risk of default due to failed contract fulfillment when the contract expires.</p> <p>5. Legal risks: changes in relevant laws or violations of the relevant legal system by counterparty, resulting the contract cannot be executed properly, may cause losses to the Company.</p> <p>(II) Risk control measures</p> <p>1. Clarify the principles of foreign exchange derivatives trading. FX derivatives trading is based on the hedging principle to avoid risks from exchange rate fluctuations to the greatest extent, and based on market conditions, operation strategies shall be adjusted in time to improve hedging effects.</p>									

	<p>2. System construction: the Company has established the Management Measures for Foreign Exchange Derivatives Transactions, in which the scope of authorization, approval procedures, key operation points, risk management and information disclosure concerning derivatives transactions are well defined, so that the conduct and risks of FX derivatives trading can be effectively regulated.</p> <p>3. Product selection: prior to any FX derivative transactions, it's necessary to select an FX derivative that suits the company's business context best, and is highly liquid and risk through a comparative analysis of various counterparties and products, before conducting business.</p> <p>4. Counterparty management: be prudent when selecting counterparties for FX derivatives business. The company only conducts foreign exchange derivatives trading business with large commercial banks and other foreign exchange organization with legal qualifications, thus avoiding potential legal risks.</p> <p>5. Management by specially-assigned persons: a special working group, set up by the Company's management representatives, Fund Department, Financial Sharing Center, Audit Department, Securities Department and other departments concerned, is responsible for the risk assessment, operation, recording and supervision of FX derivatives transactions. The working group is supposed to decide on emergency mitigations in case of any significant changes in the market.</p>
Changes in market prices or product fair values of invested derivatives during the reporting period, specific methods used for analysis of the fair value of derivatives and the setting of related assumptions and parameters	The amount of profit and loss generated by foreign exchange derivatives during the reporting period is RMB 3.9146 million; which were obtained from the profit and loss of delivery via tools and the evaluation of spot and forward foreign exchange quotes from banking institutions.
Explanation on whether the Company's accounting policies and specific accounting principles of derivatives have significantly changed during the reporting period compared with the previous reporting period	Not-applicable
Special opinion on situations of the Company's derivative investment and risk control from independent directors	The independent directors have released the independent opinions about the Proposal for Implementation of the Trading Business of Foreign Exchange Derivatives of the Company, the details of which are shown in the Independent Opinion of Independent Directors on Relevant Matters disclosed in http://www.cninfo.com.cn on April 1, 2021.

5. Application of capital raised

☐ Applicable ☒ Not-applicable

No capital raised was used in reporting period

VIII. Sales for major assets and equity

1. Sales for major assets

☐ Applicable ☒ Not-applicable

The Company did not sell major assets till the end of this period.

2. Sales for major equities

☐ Applicable ☒ Not-applicable

IX. Analysis for main holding companies and joint stock companies

☒ Applicable ☐ Not-applicable

Status of main subsidiaries and joint stock companies with influence on the Company's net profit exceeding 10%

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Wuhan Supor Cookware Co., Ltd.	Subsidiary	Cookware	RMB 91.16 million	1,372,803,308.64	378,182,785.61	3,659,991,512.67	209,788,090.46	164,147,600.59
Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd.	Subsidiary	Electrical products	RMB 133.6971 million	1,612,566,874.65	388,385,838.50	4,163,259,993.12	185,514,346.92	140,420,384.78
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	Subsidiary	Small domestic appliance, kitchen appliance	RMB 610 million	3,908,247,695.43	1,928,421,381.93	6,452,191,796.19	1,115,719,158.53	980,187,446.12

Acquiring/disposing subsidiary during the reporting period

☒ Applicable ☐ Not-applicable

Company name	Company obtaining and disposal mode in the reporting period	Influence on overall production, operation and performance
Hainan Supor E-commerce Co., Ltd.	Newly established	Industry and commerce registration formalities were completed without production and operating activities during the reporting period.
Hainan Supor Technology Co., Ltd.	Newly established	Industry and commerce registration formalities were completed without production and operating activities during the reporting period.

X. Structural Subject under the Company's Control

☐ Applicable ☒ Not-applicable

XI. Prospects for Future Development

1. Future development strategy and operation plan of the Company

As a new development pattern with domestic circulation as the core is constructed, under which domestic and international circulations reinforce each other, the policies of expanding domestic demand and promoting consumption will continue to take effect. The strong magnetic force of China's enormous domestic market remains unchanged, where the middle class and youngsters boost consumption growth constantly. At the same time, under the normalization of the pandemic, industrial evolution and consumption upgrade are to advance toward a trend stressing health and quality, in accordance with the changes in consumer needs.

The risk and impact of the pandemic at home and abroad have not been resolved, and the Company will implement a series of pandemic control and prevention systems and employee protection measures and take the assurance of employee safety as the top priority. The Company will persistently implement the predefined strategies and guidelines, with the consumers' demand as the orientation, constantly promote the product innovation strategy and quality product strategy, and further give play to the competitive advantages of the Company in the kitchenware sector in terms of diversified brands and product categories. It will take advantage of the consumption upgrade opportunity, cultivate new businesses and new product categories, promote the development of segment categories, and meet the diversified consumption demand.

In terms of channels, the Company will make constant efforts to promote online channel renovation, consolidate and expand the achievements of reforms, give full play to the professionalism and flexibility under the diversified business modes, and further improve the direct sale capacity of e-commerce. It will expand the first-mover advantage of the social e-commerce platform, and improve the scale and brand power; make the cooperation with major operators and resource utilization more efficient, innovate promotion patterns, thereby continuously expanding its online sales and market share. In addition, it will continue improving the service level and efficiency in the major retail systems in China and in international shopping market offline to strive to become the strategic supplier of more key retail channels, continuously explore the tier-3 and 4 markets, further enhance the cooperation with e-commerce platforms on the O2O channels, and expedite the penetration into tier-3 and 4 markets and township markets.

With respect to brand building, the Company will advance the construction of younger brand image, focus on product design and market promotion of segmented market, and take advantage of more accurate and segmented digital media to provide direct access to user requirements more efficiently and enhance the brand image. In the grand context of the internet era, the Company will rely on the membership center to build a big data center, construct the Company's data analysis capacity, precisely reach out to the target consumers, continuously expand the flow pool in the private domain and improve the membership operation efficiency, and provide better before-sale, in-sale and after-sale service experience to consumers through precise data insights. Additionally, it will subdivide target groups and integrate cross-industry, livestreaming, content and other marketing media matrix to enhance the ability of multiple-contact active communication of brand, reach young consumer groups in multiple dimensions, and strengthen user penetration.

With respect to export business, the Company, regardless of uncertain international situation aggravated by the epidemic, will keep advancing the cooperation with SEB in links such as R&D, design and manufacturing, enlarge production scale, acquire scale cost-based competitive advantage and improve core competence of foreign trade in virtue of order transfer advantage of SEB.

With regard to industrial aspect, the Company will further conduct cost optimization and lean economy program, actively respond to adverse effect caused by price rise of raw materials, strengthen basic management over R&D, promote market's rapid response capacity of industrial system, and continuously improve cost competitiveness. Aside from the continuous rigorous emphasis on production safety, all pandemic prevention and control measures are implemented to ensure the safety and health of employees.

With respect to talent training, the Company will strengthen talent echelon construction and improve long-term incentive mechanism continuously; improve management level of basic and medium management personnel, enhance subjective initiative of

employees and build an active and efficient working atmosphere for employees.

2. Possible risks and countermeasures

(1) Risk from macroeconomic fluctuation

In 2022, the pandemic is far from over, Russia-Ukraine war suddenly broke out, and its impact on the world is still continuing, under which the global economic recovery still faces challenges. If macro economy fluctuates or national macro-control policy changes, especially if national economy and household disposable income slows down in growing, people's willingness and capacity to consume will be directly affected. Consequently, the cookware and small domestic appliance industry that Supor is in will slow down in growing, and the sales growth of relevant products may thus be affected.

For the possible macroeconomic fluctuation risks, Supor will continue to adhere to the established strategy, actively develop new categories and cultivate new growth point. Meanwhile Supor is actively transferring SEB orders and ensuring the balanced development of domestic and overseas sales.

(2) Risk from production element price change

The main raw materials used by Supor for producing cookware and small domestic appliance are the aluminum, copper, stainless steel and plastics. If the price of raw materials rises sharply in the future, it may lead to a continuous increase in production costs. Meanwhile the cookware and small domestic appliance business belong to the labor-intensive industry; the rapid growth of labor cost in a short time will also cause certain influence to the business performance of the Company.

In order to cope with the risks caused by the fluctuation of production element price, Supor is actively improving the internal labor productivity and pushing to implement the lean projects to reduce the negative impacts caused by the rise in price of raw materials on the production costs. Besides the Company is actively boosting the automation of production line, improving the per capita labor output, and reduce the impact caused by rise in labor cost.

(3) Risk of intensifying market competitiveness

As the operating cost of enterprise rises, industry brand concentration will be further improved, and there is the risk of intensifying market competition in the field of cookware and small domestic appliances. In order to seize market share, high-end brand will continue to sink channel and regulate product and price strategy, and some high-end brand will enter shopping market channels by the way of point redemption to participate in high-end market competition, which will further intensify the competitiveness of industry.

The Company will keep on insisting in the strategy to take product innovation as the core, and keep on improving innovation ability to create more products with high additional value and gross margin. The Company will give full play to the competitive edge of multiple brands and multiple product categories of Supor, and continue to improve market shares and profitability of Supor.

(4) Product export and exchange loss caused by exchange rate fluctuation

The export business currently accounts for 30% of the overall business of the Company. The fluctuation in foreign exchange is possible to bring the adverse influence, so it will cause certain exchange loss to the Company in the end.

In respect of the risk of foreign exchange loss, the Company has implemented the RMB settlement for the export SEB business, and the exchange rate risk is thus reduced..

XII. Investigation & Research, Communication and Interview Activities in the Reporting Period

√ Applicable □ Not-applicable

Reception time	Reception place	Reception manner	Type of reception object	Reception object	Main content talked about and materials provided	Index for basic condition of investigation and survey
April 2, 2021	The Company	Conference call	Institution	Analysts and institutional investors	Performance and operating conditions in 2020	See the Management File for Investor Relations of Supor on April 6, 2021 disclosed by the

						Company in http://www.cninfo.com.cn on April 6, 2021 for details.
April 8, 2021	The Company	Others	Others	Investors of the Company	Annual performance presentation session	See the Supor Performance Presentation Session and Roadshow Activity Information on April 8, 2021 disclosed by the Company in http://www.cninfo.com.cn on April 8, 2021 for details.
April 23, 2021	The Company	Conference call	Institution	Analysts and institutional investors	Performance and operating conditions in the first quarter of 2021	See the Management File for Investor Relations of Supor on April 25, 2021 disclosed by the Company in http://www.cninfo.com.cn on April 25, 2021 for details.
May 25, 2021	The Company	Conference call	Institution	Institutional investors	Operating condition and future planning	See the Supor Survey Activity Information on May 26, 2021 disclosed by the Company in http://www.cninfo.com.cn on May 26, 2021 for details.
August 27, 2021	The Company	Conference call	Institution	Analysts and institutional investors	Performance and operating conditions in the first half of 2021	See the Management File for Investor Relations of Supor on August 30, 2021 disclosed by the Company in http://www.cninfo.com.cn on August 30, 2021 for details.
October 27, 2021	The Company	Conference call	Institution	Analysts and institutional investors	Performance and operating conditions in the third quarter of 2021	See the Management File for Investor Relations of Supor on October 28, 2021 disclosed by the Company in http://www.cninfo.com.cn on October 28, 2021 for details.

SECTION IV CORPORATION GOVERNANCE

I. Basic Situation

In the reporting period, the Company further standardized the operation of the Company and improved the governance by continuously building up and strengthening the corporate governance system, improving the internal control and management system, and deepening the governing process strictly in accordance with the Company Law, the Securities Law and the Rules on the Corporate Governance of Listed Companies, Stocks Listing Rules of Shenzhen Stock Exchange and the Guidelines for the Standardized Operation of Listed Companies in Shenzhen Stock Exchange as well as other regulations of CSRC. By the end of the reporting period, the actual governance of the Company was basically in compliance with the relevant regulations of corporate governance of listed companies issued by the CSRC and Shenzhen Stock Exchange, and with the rules of established systems of the Company. No administrative regulation measures were taken by regulatory department upon the Company.

(I) Relating to Shareholders and the General Meeting of Shareholders

During the reporting period, the Company has convened and held the General Meetings of Shareholders strictly according to the Rules for the General Meetings of Shareholders of Listed Companies, Rules and Procedures for Meetings of Board of Shareholders, and other rules and requirements, and ensured the legality and validity of the convening. According to the Implementing Rules for the Online Voting at the Shareholders' Assembly of Listed Companies of Shenzhen Stock Exchange, the Company clearly defined the specific process of online voting and completely implemented online voting of general meeting of shareholders, in order to involve medium and small investors in the online voting more effectively, and guarantee the legitimate rights and interests of all shareholders, especially of the minority shareholders.

During the reporting period, four general meetings of shareholders were held. The convening and holding procedures, qualifications of attended persons, voting procedures, voting results and resolution contents of the meeting conformed to laws and regulations and Articles of Association.

(II) Relating to the Company and the Controlling Shareholder

In the reporting period, the Company was autonomous in business and operation, and kept independent of its controlling shareholder in terms of assets, business, personnel, organization and finance. The Board of Directors, the Board of Supervisors and other internal organizations operate independently. The Controlling Shareholder of the Company exercised its rights through the General Meeting of Shareholders, and did not directly or indirectly intervene with the Company's decision-making or operating activities. The related transaction between the Company and its Controlling Shareholder was fair and reasonable; the decision-making rules were in compliance with the relevant provisions; no fund occupation by the Controlling Shareholder existed.

(III) Relating to Directors and the Board of Directors

The Company elected directors strictly according to the procedures stipulated in the Company Law and the Articles of Association, and ensured the open, fair, equitable and independent appointment and election of directors, and the number and composition of the Board of Directors follow relevant laws and regulations. Now the Company has three independent directors, representing 1/3 of its directors. All directors have actively participated in the Company's operation and decision-making activities, performed their duties, attended the relevant training sessions organized by supervisory departments, pursuant to the Company Law, the Guidelines for the Standardized Operation of Listed Companies in Shenzhen Stock Exchange, the Articles of Association and the Rules and Procedures for Meetings of the Board of Directors. The Board of Directors consists of Strategy Committee, Audit Committee and Compensation Committee with independent directors fully exerting their specialties, which further improves the working efficiency and decision-making level of the Board of Directors and plays significant roles in the Company's normative operation.

During the reporting period, seven board meetings were held. The convening and holding procedures, qualifications of attended persons, voting procedures, voting results and resolution contents of the meeting conformed to laws and regulations and Articles of

Association.

(IV) Relating to Supervisors and the Board of Supervisors

The Company elected supervisors strictly according to the provisions under the Company Law and the Articles of Association. The number of supervisors and composition of the Board of Supervisors met the requirement of relevant laws and regulations. All supervisors have performed their duties as required by the Regulations of Procedure of the Board of Supervisors, effectively supervised the legality and regulatory compliance of significant events, related transactions, financial conditions, and duty fulfillment of directors and senior executives of the Company, and maintained the legitimate rights and interests of the Company and its shareholders.

During the reporting period, six meetings of Board of Supervisors were held. The convening and holding procedures, qualifications of attended persons, voting procedures, voting results and resolution contents of the meeting conformed to laws and regulations and Articles of Association.

(V) Relating to Performance Appraisal and the Incentive and Restraining Mechanism

The Company established and constantly improved the performance appraisal system and the incentive restraining mechanism for supervisors, directors and senior executives. The appointment and remuneration for directors, supervisors and senior executives of the Company are open, clear and in line with relevant laws and regulations. During the reporting period, the Company unlocked the restricted stock allowed to be unlocked in the fourth unlock period and the reserved restricted stock unlockable in the third unlock period which are granted to senior executives who have restricted stocks in accordance with the 2017 Restricted Stock Incentive Plan (Revised Draft) so as to achieve effective incentives for senior managers.

(VI) Relating to Information Disclosure and Transparency

The Securities Department of the Company is responsible for information disclosure and investor's relationship management. Abiding by requirements of the CSRC and Shenzhen Stock Exchange and provisions on compilation of periodic reports in good faith, the department, in association with the Financial Department of the Company, has timely and accurately compiled and submitted the 2020 Annual Report, 2021 First Quarterly Report, 2021 Semiannual Report and 2021 Third Quarterly Report, based on the strict compliance with the non-disclosure rules before the disclosure of the reports.

In accordance with the Stocks Listing Rules of Shenzhen Stock Exchange, the Securities Department of the Company disclosed, after review and adoption by the Board of Directors or the General Meeting of Shareholders, the routine information (Board Meetings and Supervisors' Meetings), fatal information (external investments, related transactions), and significant events truly, accurately, completely, timely and fairly. In the reporting period, the Company has published 88 announcements on the basis of strict compliance with non-disclosure rules before the disclosure and kept the files in order after the disclosure. Information disclosure of the Company in the reporting period was timely, true, accurate, complete and fair, and has never been questioned by any related supervisory authorities. Besides, the Company will, in strict accordance with the requirements of Management System on Investors' Relationship, regulate the investor acceptance procedure and disclose the activity record of investors' relationship upon the completion of investor's relationship activity timely; actively receive the visiting and consulting shareholders and designate special person to be liable for replying the investors' questions on the interaction platform so as to ensure all shareholders of the Company, particularly the small and medium-sized investors can get access to the Company's information equality.

Is there any major variation between the actual situation of the Company's corporate governance, and laws, administrative regulations, and stipulations issued by the CSRC concerning the governance of listed companies?

☐ Yes ☒ No

There was no any major variation between the actual situation of the Company's corporate governance, and laws, administrative regulations, and stipulations issued by the CSRC concerning the governance of listed companies.

II. independence of the Company relative to the controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization, business, etc.

(I) Independent and complete assets structure

The Company had its production and business operation place independent from that of the controlling shareholder, and had independent and complete assets structure, independent production system, auxiliary production system and supporting facilities, land use right, housing ownership, as well as independent purchasing and selling systems.

(II) Independence of personnel

In terms of personnel, labor, personnel and salary management, the Company was completely independent. Such top management as the General Manager, Vice General Manager, Board Secretary of Directors and Chief Financial Officer did not hold any position concurrently in controlling shareholder or other subsidiaries excepting director and supervisors, nor receive any remuneration from the controlling shareholder or other subsidiaries.

(III) Independence of finance

The Company has an independent financial department, has established independent accounting system and financial management system, and makes financial decisions independently. It has opened independent bank accounts and pays taxes independently.

(IV) Independence of organization

The Company has set up the organization independent from the controlling shareholder completely, and there exists no mixed operation or management. It adopts a BU management system, and has departments directly under the Head Office and three BUs (cookware, electric appliance and kitchen & electric appliance) and high-end business modules. Neither controlling shareholder nor any other company or individual has intervened with the organization structuring of the Company. No "superior and subordinate relationship" exists between the controlling shareholder and its functional departments on the one hand, and the Company and its functional departments on the other hand.

(V) Independence of business operation from shareholders or other related parties

The Company is mainly engaged in designing, producing and selling cookware, small domestic appliances, large kitchen appliances and H&PC products, which are not produced by the controlling shareholder or any of its subsidiaries for the Chinese market. The Company has an independent "procurement, production and sales" system. It operates business independently from shareholders or any other related party.

III. Horizontal competition

☐ Applicable ☒ Not-applicable

IV. General meeting of shareholders and interim general meeting of shareholders held in the reporting period

1. General Meeting of Shareholders in the Reporting Period

Session	Meeting type	Proportion of participated investors	Convening date	Date of disclosure	Meeting resolution
The Annual General Meeting of Shareholders for 2020 Fiscal Year	Annual General Meeting of Shareholders	11.07%	April 22, 2021	April 23, 2021	References can be made to the Announcement of Resolution of the General Meeting of Shareholders for 2020 Fiscal Year (2021-029) disclosed on http://www.cninfo.com.cn

First Interim General Meeting of Shareholders in 2021	Interim General Meeting of Shareholders	9.67%	May 12, 2021	May 13, 2021	References can be made to the Announcement of Resolution of the First Interim General Meeting of Shareholders 2021 (2021-040) disclosed on http://www.cninfo.com.cn
Second Interim General Meeting of Shareholders in 2021	Interim General Meeting of Shareholders	10.76%	September 13, 2021	September 14, 2021	References can be made to the Announcement of Resolution of the Second Interim General Meeting of Shareholders 2021 (2021-062) disclosed on http://www.cninfo.com.cn
Third Interim General Meeting of Shareholders in 2021	Interim General Meeting of Shareholders	8.15%	December 30, 2021	December 31, 2021	References can be made to the Announcement of Resolution of the Third Interim General Meeting of Shareholders 2021 (2021-087) disclosed on http://www.cninfo.com.cn

2. Interim General Meeting of Shareholders held at the request of preferred shareholders with restored voting right

☐ Applicable ☒ Not-applicable

V. Directors, supervisors and senior executives

1. Basic information

Name	Position	Position status	Gender	Age	Commencement date of term of office	Expiry date of term of office	Beginning quantity of stocks	Stock option	Quantity of restricted shares vested	Quantity of increased stocks in this period	Quantity of decreased stocks in this period	Quantity of other shares increased or reduced	Closing quantity of stocks	Reasons for the increase or decrease of shares
Thierry de LA TOUR D'ARTAISE	Chairman	On-service	Male	67	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Su Xianze	Director	On-service	Male	54	May 20, 2020	May 19, 2023	648,182	0	0	0	162,046	0	486,136	Legal shareholding reduction of 25% of the

														annual shareho lding quantit y
Stanislas de GRAMONT	Director	On- service	Male	57	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Nathalie LOMON	Director	On- service	Fem ale	51	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Delphine SEGURA VAYLET	Director	On- service	Fem ale	52	April 22, 2021	May 19, 2023	0	0	0	0	0	0	0	None
Tai Wai Chung	Director	On- service	Male	62	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Chen Jun	Independent director	On- service	Male	45	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Hervé MACHENA UD	Independent director	On- service	Male	75	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Jean-Michel PIVETEAU	Independent director	On- service	Male	75	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Philippe SUMEIRE	Chairman of Board of Supervisors	On- service	Male	62	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Zhang Junfa	Supervisor	On- service	Male	45	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Lu Lanhua	Supervisor	On- service	Fem ale	44	May 20, 2020	May 19, 2023	0	0	0	0	0	0	0	None
Su Ming-Jui	General Manager	Retire ment	Male	54	May 20, 2020	March 31, 2021	182,000	0	0	0	300	0	181,700	Shareh olding reducti on due to persona l reason
Cheung Kwok Wah	General Manager	On- service	Male	57	March 31, 2021	May 19, 2023	0	0	0	0	0	0	0	None
Xu Bo	Chief Financial Officer	On- service	Male	54	May 20, 2020	May 19, 2023	231,650	0	0	0	57,913	0	173,737	Legal shareho lding

														reducti on of 25% of the annual shareho lding quantit y
Ye Jide	Vice General Manager, Board Secretary	On- service	Male	46	May 20, 2020	May 19, 2023	69,588	0	0	0	17,397	0	52,191	Legal shareho lding reducti on of 25% of the annual shareho lding quantit y
Total	--	--	--	--	--	--	1,131,42 0	0	0	0	237,65 6	0	893,76 4	--

If there is any separation of directors and supervisors and dismissal of senior executives during the reporting period

☐ Yes ☒ No

II. Change of Directors, Supervisors and Senior Executives

☒ Applicable ☐ Not-applicable

Name	Position	Type	Date	Cause
Delphine SEGURA VAYLET	Director	Elected	April 22, 2021	Elected as director of the Company by the general meeting of shareholders
Su Ming-Jui	General Manager	Dismissal	March 31, 2021	Resignation application due to personal reason
Cheung Kwok Wah	General Manager	Recruitment	March 31, 2021	Recruited by the Board of Directors as the general manager

2. Incumbency of Office

Professional backgrounds, main working experiences, and main responsibilities in the Company of present directors, supervisors and senior executives

1. Directors

Mr. Thierry de LA TOUR D'ARTAISE: Chairman, Master of Management of Paris ESCP; chartered accountant. Incumbent

Chairman and CEO of Group SEB; has served previously as Vice President of Group SEB, Chairman of CALOR, CFO and CEO of CROISIERES PAQUET, audit manager of Coopers & Lybrand.

Mr. Stanislas de GRAMONTL: Director, graduated from ESSEC Business School (Paris). He currently serves as the Chief Operating Officer of SEB Group, and has served previously as senior executive of Danone and president of Suntory Beverage & Food Limited (Europe).

Ms. Nathalie LOMON: Director, graduated from NEOMA Business School; incumbent chief financial officer of SEB Group. She has served previously as Executive Vice President and Financial Director of Ingenico, France, Financial Supervisor of Rio Tinto Alcan, etc.

Ms. Delphine SEGURA VAYLET: Director of the Company, Master of International Law, Universit Panthon Sorbonne; Incumbent Senior Executive Vice President of Human Resources, SEB Group, and former Cice President of Human Resources, Total Group, Director of Human Resources and member of the Executive Committee, Zodiac Aerospace Group, and Director of Human Resources of the Digital Consumption Department, STMicroelectronics NV IT-STM, etc.

Mr. Su Xianze: Director, CEIBS EMBA, senior economist. Incumbent Chairman and General Manager of Supor Group, Chairman of Zhejiang Supor Real Estate Development Co., Ltd., Executive Director and General Manager of Hangzhou Shuoyuan Investment Co., Ltd., Executive Director and General Manager of Shangrao Xiangfa Technology Co., Ltd., and Chairman of Zhejiang Supor Water Heater Co., Ltd. He has severed as Chairman of the Company from 2001 to April 2014, and General Manager from 2001 to March 2010.

Mr. Tai Wai Chung Director, graduated from Industrial Engineering Specialty of University of Hong Kong; Executive Vice President of Asia region of SEB Group. He has served previously as Chairman and General Manager of Apple (China), CMO of Electrolux, Chairman of Shanghai SEB and General Manager of the Company.

Mr. Hervé MACHENAUD: Independent director, graduated from Sciences Po; President of Hong Ma Consulting Services (Beijing) Co., Ltd., Partner of France-Sino Investment Fund Dadao Capital. He formerly served as Chief Representative in China and Executive Vice President of EDF, DPI General Manager of the Group's Engineering Design & Power Generation Department and General Manager of Asia Pacific.

Mr. Jean-Michel PIVETEAU Independent director, doctor of business administration, and mater of political science; Senior Partner of B&A Investment Bank, Chairman of the Board of Supervisors of MicroCred China, Vice Chairman of the Board of Supervisors of BAOBAB, and board member of the French Foreign Trade Advisors. He formerly served as Adviser for China to BNP Paribas Chairman, Senior Adviser to BNP Paribas for China, Country Head of Paribas Bank in numerous Asian countries and Middle East countries, and Honorary Retired Chairman of the "French Foreign Trade Advisors" of China.

Mr. Chen Jun: Independent director, doctor of accountancy from Xiamen University, and postdoctoral of business administration (Accounting) from Zhejiang University He is currently Dean of the Department of Finance and Accounting, professor and doctoral supervisor of the Management Collage of Zhejiang University, Director of the Institute of Finance and Accounting of Zhejiang University, Deputy Director of Zhejiang University's Global Entrepreneurship Research Center, Director of Research Center of Listed Companies of the Academy of Global Zheshang Entrepreneurship at Zhejiang University, Vice President of Zhejiang Association of Accountants, and independent director of Listed Companies.

2. Supervisors

Mr. Philippe SUMEIRE: Supervisor, graduated from Aix-en-Provence Law School with PHD's degree of Private Law and Comparative Law. He is Vice President Legal Affairs of Groupe SEB and Board Secretary. He has worked first for PEUGEOT S.A and ATOCHEM (chemical industry) and then held the position of General Counsel and Company Secretary for CLUB MED, GIAT INDUSTRIES and MOULINEX S.A.

Mr. Zhang Junfa: Supervisor, graduated from Northwestern Polytechnical University. Chairman of the Trade Union of the Company and office head of Yuhuan Site, he was working for security section, and then worked in legal affairs department and office.

Ms. Lu Lanhua: Supervisor, graduated from Shanghai University of Finance and Economics and MBA of University of Manchester, member of ACCA. Financial planning & analysis manager; has worked for Greif Flexible Products & Service (China) as

accounting manager, UNSA (Hangzhou) Packaging Manufacturing Ltd. as financial manager.

3. Senior executives

Mr. Cheung Kwok Wah: General Manager of the Company, Bachelor of Economics, Chinese University of Hong Kong, MBA of Kelly School of Business, Indiana University, former Chairman and President of the International Business Department of China Feihe Co., Ltd., and former Chairman and CEO of Nestlé Greater China.

Mr. Xu Bo: Chief Financial Officer, graduated from Central University of Finance and Economics; member of CICPA and ACCA; previously worked successively as the senior auditing manager of Shenzhen Zhonghua Certified Public Accountants, Chief Financial Officer of Yue Sai Kan Cosmetics Limited, Chief Financial Officer of Molex Interconnect (Shanghai) Co., Ltd., Chief Financial Officer of Microsoft China.

Mr. Ye Jide: Board Secretary, Vice General Manager, and manager of securities department, CEIBS EMBA. Incumbent independent directors of Energy Explorer Power Co., Ltd. and Beijing DeepZero Intelligent Technology Co., Ltd., and former equipment section chief, office director and assistant to the general manager of the Company.

Post information in shareholders' companies

√ Applicable □ Not-applicable

Name	Shareholding company	Post in the shareholding company	Commencement date of term of office	Expiry date of term of office	Payment or allowance from the shareholding company
Thierry de LA TOUR D'ARTAISE	SEB Group	Chairman & CEO	May 01, 2000		Yes
Philippe SUMEIRE	SEB Group	Vice President Legal Affairs of Groupe SEB and Board Secretary	December 10, 2001		Yes
Nathalie LOMON	SEB Group	Chief Financial Officer	September 30, 2019		Yes
Stanislas de GRAMONT	SEB Group	Chief Operating Officer (COO)	December 03, 2018		Yes
Delphine SEGURA VAYLET	SEB Group	Senior Executive Vice President of HR	January 1, 2021		Yes
Tai Wai Chung	SEB Group	Senior Executive Vice President of Asia Continental Division	October 01, 2017		Yes

Post information in other companies

√ Applicable □ Not-applicable

Name	Name of other unit	Post in the other companies	Commencement date of term of office	Expiry date of term of office	Payment or allowance from other companies
Su Xianze	Supor Group	Chairman and General Manager	March 08, 2018		Yes
Su Xianze	Zhejiang Supor Real Estate Development Co., Ltd.	Chairman	May 16, 2018		No

Su Xianze	Hangzhou Shuoyuan Investment Co., Ltd.	Executive Director and General Manager	February 07, 2018		No
Su Xianze	Shangrao Xiangfa Technology Co., Ltd.	Executive Director and General Manager	December 19, 2018		No
Su Xianze	Zhejiang Supor Water Heater Co., Ltd.	Chairman	November 15, 2019		No
Chen Jun	Zhejiang University	Dean of the Department of Finance and Accounting, Professor and Doctoral Supervisor	March 01, 2019		Yes
Chen Jun	Zhejiang CHNT Electric Co., Ltd.	Independent director	June 3, 2019	June 02, 2022	Yes
Hervé MACHENAUD	Hongma Consulting Services (Beijing) Co., Ltd.	President	January 01, 2017		Yes
Ye Jide	Energy Explorer Power Co., Ltd.	Independent director	June 15, 2021	March 4, 2022	No
Ye Jide	Beijing DeepZero Intelligent Technology Co., Ltd.	Independent director	October 30, 2021	October 29, 2024	No

Punishment of securities regulatory commission on directors, supervisors and senior executives of the Company at present or leaving in the reporting period

☐ Applicable ☒ Not-applicable

3. Remuneration for directors, supervisors and senior executives

Decision-making procedures, determination basis of remuneration and actual payment for directors, supervisors and senior executives

Decision-making procedures of remuneration for directors, supervisors and senior executives	The remuneration for directors, supervisors and senior executives of the Company shall be in strict compliance with the Rules and Procedures for Meetings of the Board of Directors and the Rules and Procedures for Meetings of Board of Shareholders, as well as the regulations of the Company's Articles of Association and the Company Law.
Determination basis of remuneration for directors, supervisors and senior executives	The directors, supervisors and senior executives of Company are paid according to their positions and corresponding responsibilities and the Company's salary system, with an annual bonus based on the performance evaluated.

Remuneration for Directors, Supervisors and Senior Executives in the Reporting Period

Unit: RMB 10,000

Name	Position	Gender	Age	Position status	Remuneration receivable from the Company	Whether the remuneration is gained from the related party of the Company
Thierry de LA TOUR D'ARTAISE	Chairman	Male	67	On-service		
Su Xianze	Director	Male	54	On-service		
Stanislas de GRAMONT	Director	Male	57	On-service		
Nathalie LOMON	Director	Female	51	On-service		
Delphine SEGURA VAYLET	Director	Female	52	On-service		
Tai Wai Chung	Director	Male	62	On-service		
Chen Jun	Independent director	Male	45	On-service	15.00	No
Hervé MACHENAUD	Independent director	Male	75	On-service	15.00	No
Jean-Michel PIVETEAU	Independent director	Male	75	On-service	15.00	No
Philippe SUMEIRE	Chairman of Board of Supervisors	Male	62	On-service		
Zhang Junfa	Supervisor	Male	45	On-service	45.87	No
Lu Lanhua	Supervisor	Female	44	On-service	84.01	No
Su Ming-Jui	General Manager	Male	54	Retirement	503.74	No
Cheung Kwok Wah	General Manager	Male	57	On-service	405.36	No
Xu Bo	Chief Financial Officer	Male	54	On-service	288.58	No
Ye Jide	Vice General Manager, Board Secretary	Male	46	On-service	108.97	No
Total	--	--	--	--	1,481.53	--

VI. Duty performance of directors in the reporting period

1. Board of Directors during the reporting period

Session	Convening date	Date of disclosure	Meeting resolution
The 4 th Session of the Seventh Board of Directors	January 20, 2021	January 22, 2021	References can be made to the Announcement of Resolution of the 4 th Session of the Seventh Board of Directors (2021-006) disclosed on http://www.cninfo.com.cn
The 5 th Session of the Seventh Board of Directors	March 31, 2021	April 1, 2021	References can be made to the Announcement of Resolution of the 5 th Session of the Seventh

			Board of Directors (2021-014) disclosed on http://www.cninfo.com.cn
The 6 th Session of the Seventh Board of Directors	April 22, 2021	April 23, 2021	References can be made to the Announcement of Resolution of the 6 th Session of the Seventh Board of Directors (2021-030) disclosed on http://www.cninfo.com.cn
The 7 th Session of the Seventh Board of Directors	June 16, 2021	June 17, 2021	References can be made to the Announcement of Resolution of the 7 th Session of the Seventh Board of Directors (2021-047) disclosed on http://www.cninfo.com.cn
The 8 th Session of the Seventh Board of Directors	August 26, 2021	August 27, 2021	References can be made to the Announcement of Resolution of the 8 th Session of the Seventh Board of Directors (2021-056) disclosed on http://www.cninfo.com.cn
The 9 th Session of the Seventh Board of Directors	October 26, 2021	October 27, 2021	References can be made to the Announcement of Resolution of the 9 th Session of the Seventh Board of Directors (2021-066) disclosed on http://www.cninfo.com.cn
The 10 th Session of the Seventh Board of Directors	December 10, 2021	December 14, 2021	References can be made to the Announcement of Resolution of the 10 th Session of the Seventh Board of Directors (2021-072) disclosed on http://www.cninfo.com.cn

2. Attendance of board meeting and general meeting of shareholders by directors

Attendance of board meeting and general meeting of shareholders by directors							
Name of directors	Due attendance of board meetings during the reporting period (times)	Presence in on-site board meetings (times)	Presence via communication on board meetings (times)	Presence by entrustment on board meetings (times)	Absence on board meetings (times)	Absent for twice continuously on board meetings?	Attendance of general meeting of shareholders
Thierry de LA TOUR D'ARTAISE	7	0	7	0	0	No	0
Stanislas de GRAMONT	7	0	7	0	0	No	0
Nathalie LOMON	7	0	7	0	0	No	0
Delphine SEGURA VAYLET	6	0	6	0	0	No	0
Su Xianze	7	2	5	0	0	No	1

Tai Wai Chung	7	2	5	0	0	No	3
Hervé MACHENAUD	7	0	7	0	0	No	0
Jean-Michel PIVETEAU	7	0	7	0	0	No	0
Chen Jun	7	2	5	0	0	No	2

Explanations of absence for twice continuously

None

3. Objections by directors to company issue

Were there any objections raised by directors to company issues?

☐ Yes ☒ No

There was no objection raised by any director to company issues in the reporting period.

4. Other explanations of duty performance of directors

Was there any advice raised by directors to company issues adopted by the Company?

☒ Yes ☐ No

Explanations of adoption or non-adoption of the advice from directors

During the reporting period, all independent directors of the Company were responsible and diligent. They paid close attention to the reports about Company news by press and on the Internet and understood progress of the Company's major matters timely. They reviewed the information reports provided by the Company periodically, and gave relevant comments and advices. They exerted their specialties fully, performed the duties as independent directors actively and maintained the legitimate rights and interests of the Company and minority shareholders.

During the reporting period, the independent directors of the Company paid great attention to the Letter of Concern received from the Shenzhen Stock Exchange for the 2021 Equity Incentive Plan of the Company and requested the listed companies and the management to carefully verify the relevant issues raised in the Letter of Concern. At the same time, in order to provide independent opinions on the issues raised by the Shenzhen Stock Exchange more objectively and impartially, Mr. Chen Jun, an independent director, has conducted in-depth communication and exchanges with the management for many times, with a view to fully understanding the implementation performance of the Company's previous implementation of equity incentives and the implementation performance of equity incentives of similar companies in the industry. In addition, Mr. Chen Jun, the independent director, also suggested that the Company should actively adopt the practice of soliciting proxy voting rights from shareholders in the future when reviewing and discussing significant matters or matters requiring independent directors to express their opinions, so as to fully protect the legal rights of minority shareholders.

VII. Situation of special committees under the Board of Directors during the reporting period

Name of the Committee	Members	Meeting times	Convening date	Content of the meeting	Important opinions and suggestions put forward	Other circumstances relating to the performance of duties	Specific circumstances of disputed matters (if any)
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Audit Committee	Chen Jun, Jean-Michel PIVETEAU, Nathalie LOMON	4	March 30, 2021	The Audit Committee reviewed and discussed 1. External audit opinions; 2. Follow-up of the letters issued by regulatory bodies; 3. 2020 internal control achievement, and 2021 internal control plan; 4. Performance of internal audit projects in 2020, and 2021 audit plan and key audit findings rectification and follow-up plan; 5. Main conclusions of external audit; 6. Bidding process of external audit organizations	1. The Audit Committee approved the 2021 audit plan (focusing on the process from purchase to payment) and the 2021 key follow-up project plan. 2. The Audit Committee reviewed and discussed the qualifications of the external auditor and proposed the Board of Directors to review and approve KPMG as the audit service provider of the Company in 2021.	None	None
			June 30, 2021	The Audit Committee reviewed and discussed 1. Progress of internal control projects in 2021; 2. Progress of the implementation of internal audit projects and rectification of key audit findings in 2021; 3. Results of external audit and review	The Audit Committee recognized key internal control improvements in the management of human resources and operating expenses.	None	None
			August 25, 2021	The Audit Committee reviewed and discussed 1. External audit opinions; 2. Progress of internal control projects in 2021; 3. Progress of the implementation of internal audit projects	1. The Audit Committee recommended that a detailed analysis of the follow-up for audit findings should be provided,	None	None

				and rectification of key audit findings in 2021; 4. Progress of external audit	including term analysis. 2. The Audit Committee stressed that more attention should be paid to the compliance of sales operations under different business modes on the basis of following the revenue recognition process.		
			November 30, 2021	The Audit Committee reviewed and discussed 1. Progress of internal control projects in 2021; 2. Progress of the implementation of internal audit projects and rectification of key audit findings in 2021; 3. Results of external audit and review	The Audit Committee affirmed the effectiveness of the implementation of projects of the internal control supervision system and other systems.	None	None
Compensation Committee	Hervé MACHENAU D, Jean-Michel PIVETEAU, Delphine SEGURA VAYLET	3	March 30, 2021	The Compensation Committee reviewed and discussed 1. Remunerations of senior executives, employees, and supervisors in 2020; 2. Implementation of Restricted Stock Incentive Plan; 3. Performance of corporate social responsibilities; 4. Human resource planning of the Company in 2021	The Compensation Committee agreed with the reviewed and discussed proposals and affirmed the Company's efforts in employment and remuneration.	None	None
			August 25, 2021	The Compensation Committee reviewed and	The Compensation	None	None

				discussed Organizational change of the Company; 2. Human resource management in the context of pandemic control normalization 3. Sharing of the restricted stock incentive plans of listed companies in the same industry; 4. Performance of corporate social responsibilities	1. Committee agreed with the reviewed and discussed proposals and affirmed the Company's efforts in human resources in the context of pandemic control normalization.		
			December 5, 2021	The Compensation Committee reviewed and discussed 1. 2021 Restricted Stock Incentive Plan (Revised Draft); 2. Assessment Management Measures of the 2021 Restricted Stock Incentive Plan	The Compensation Committee agreed with the reviewed and discussed proposals.	None	None

VIII. Work of the Board of Supervisors

In the reporting period, did the Board of Supervisors find any risk about the Company?

☐ Yes ☒ No

The Board of Supervisors held no objection to the issues supervised in the reporting period.

IX. Staffing information

1. Number of Personnel, Professional and Education Conditions

Number of in-service employees of the parent company at the end of the reporting period (persons)	2,101
Number of in-service employees of main subsidiaries at the end of the reporting period (persons)	9,739
Total number of in-service employees at the end of the reporting period (persons)	11,840
Total number of personnel paid during current period (person)	11,840
Retired employees for whom the parent company and major subsidiaries should cover expenses (person)	0

Profession composition	
Job description	Qty. (person)
Production personnel	7,302
Sales personnel	1,537
Technician	1,994
Financial personnel	171
Administrative personnel	836
Total	11,840
Education	
Education category	Qty. (person)
Postgraduate and above	128
Junior college or university	3,937
Technical secondary school or high school	3,191
Others	4,584
Total	11,840

2. Remuneration Policy

The Company adopts floating salary system for all employees. Salary that we provide to employees includes pre-tax basic salary, performance salary and various incentive bonuses in the form of currency; we also offer various non-monetary welfares such as commercial insurance, internal and external training, internal development and comfortable working environment.

We provide employees with competitive salary and welfare to keep a certain degree of competitiveness and absorb talents; while in the Company, to stabilize those key employees, embody the Company's value orientation, motivate self-improvement of employee and create high performance.

3. Training Program

1) Supor is highly concerned with ability development of talents. In the light of Supor's talent requirements by its core values and corporate cultures, the Company actively carries out various training events in a range of professional technical dimensions and management dimensions. In coordination with the planning of talent echelon construction, the Company designs learning and development projects hierarchically and systematically, strengthens the extraction and inheritance of expert experience and organizational experience in the Company's business value chains (e.g. strategic market, industrial development, marketing and other business fields), and guides employees to continuously upgrade their own advantages and build self-behavior benchmarks and personal charisma brands.

2) Supor attaches great importance to the innovation of employee training measures. In the light of the Company's development strategy, and integrating Chinese and foreign management wisdoms and the Company's practical experience, we carry out targeted and efficient training in various forms and with rich contents in accordance with the actual situation, through classroom learning, project workshops, internal and external special exchange meetings, cross-boundary visits, online and offline integration and other diversified learning methods, which are led by Supor University. The all-round, multi-level and multi-channel talent development system enables our comprehensive quality and working ability to continuously meet the needs of the Company to expand its businesses.

3) According to justice and fairness principle, we provide employees with targeted training opportunity based on employees' assessments, individual career development expectations and actual work demands; we also provide instructor and tutor resources mainly from internal management to employees to improve the competence and speed up the growth of employees and practice our talent building and development policies.

4. Labor Outsourcing

√ Applicable □ Not-applicable

Total hours of labor outsourcing (Hours)	14,257,097.46
Total remuneration paid for labor outsourcing (yuan)	295,680,490.50

X. Profit distribution and conversion from capital reserves to share capital during the reporting period

Formulation, implementation or adjustment of profit distribution policies, especially cash dividend policies during the reporting period

√ Applicable □ Not-applicable

During the reporting period, the Company implemented the profit distribution plan in strict accordance with the Articles of Association and other relevant provisions, where the dividend distribution standard and proportion were clear and definite and the relevant decision-making procedures and mechanisms were complete. The Company held the 5th Session of the Seventh Board of Directors and the 4th Session of the Seventh Board of Supervisors on March 31, 2021, and held the 2020 Annual General Meeting of Shareholders on April 22, 2021, which reviewed and passed the Proposal on Profit Distribution for 2020. The Company's profit distribution plan for 2020 is: profit distribution is made with 812,869,546 shares as the base number, calculated by deducting the 816,872,661 shares (total share capital) at the time of the profit distribution plan by the 4,003,115 shares held by the Company's special securities account for repurchase, a cash dividend of RMB 12.90 (tax-inclusive) per 10 shares is distributed to all shareholders, and the total cash dividend to be distributed is RMB 1,048,601,714.34. No bonus share will be distributed or conversion from capital reserves to share capital is made this year. On May 25, 2021, the equity distribution of the Company for the year of 2020 was completed.

Special description of cash dividend policy	
Whether it meets the requirements in Articles of Associations or resolutions of the Shareholders' Meeting:	Yes
Whether the dividend standard and proportion are definite and clear:	Yes
Whether the relevant decision procedure and mechanism are complete:	Yes
Whether the independent director performs obligations and plays roles:	Yes
Whether the minority shareholders have opportunity in giving opinions and claims, and whether the legal interests of minority shareholders are protected sufficiently:	Yes
Where the cash dividend policy is adjusted or changed, and whether the conditions and procedures are compliant and transparent:	Yes

Information on profit-making in the reporting period and positive undistributed profit of parent company for shareholders but without cash dividends plan

□ Applicable √ Not-applicable

Profit distribution and conversion from capital reserves to share capital during the reporting period

√ Applicable □ Not-applicable

Number of bonus stock per 10 shares (shares)	0
Amount of dividend (RMB) per 10 shares (tax-inclusive)	19.30
Equity base in distribution plan (shares)	808,678,476
Amount of cash dividends (tax-inclusive)	1,560,749,458.68
Amount of cash dividends realized in other modes (e.g. repurchased shares) (RMB)	483,832,844.28
Total cash dividends (including other modes) (RMB)	2,044,582,302.96
Distributable profits (RMB)	5,141,307,982.39
Proportion of total cash dividends (including other modes) in total distribution of profits	100%
Cash Dividends of This Time	
Others	
Detailed information on profit distribution and conversion of capital reserve to capital pre-proposal	
<p>According to the standard unqualified opinion audit report issued by KPMG Huazhen LLP (Special General Partnership), the parent company of Zhejiang Supor Co., Ltd. realized a net profit of RMB 5,291,202,663.88 in 2021. According to the relevant provisions of the Company Law and the Articles of Association, the statutory surplus reserve of RMB 356,924,811.32 (note: cumulatively reaching 50% of the share capital) is withdrawn, plus the undistributed profit of RMB 1,255,631,844.17 at the beginning of the previous period, minus the cash dividend of RMB 1,048,601,714.34 yuan distributed for 2020 on May 25, 2021, the actual amount of profit available for distribution to shareholders at the end of the year is RMB 5,141,307,982.39.</p> <p>The 2021 annual profit distribution plan: profit distribution is made with the total share capital of the Company as at the end of 2021 (i.e. 808,678,476 shares) (the shares in the special securities account for repurchase were vested on January 27, 2022) as the base number, a cash dividend of RMB 19.30 (tax-inclusive) per 10 shares is distributed to all shareholders, and the total cash dividend is RMB1,560,749,458.68. No bonus share will be distributed or conversion from capital reserves to share capital is made this year.</p> <p>During the period from the disclosure of this profit distribution plan to the actual implementation date, if the Company's share capital changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed share capital, and the above distribution ratio remains unchanged.</p>	

XI. Implementation of Company's equity incentive plan, employee equity holding plan or other employee incentive measures

√ Applicable □ Not-applicable

1. Equity incentive

(II) About the 2017 Equity Incentive Plan

1. According to the Proposal on Unlocking of Restricted Stock within the Fourth Unlock Period and the Reserved Restricted Stock within the Third Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 5th Session of the Seventh Board of Directors held on March 31, 2021, agreeing to unlock the Restricted Stock for 204 qualified Incentive Objects in the fourth unlock period as well as unlock Reserved Restricted Stock in the third unlock period. Totally 1,629,200 shares of restricted stock will be unlocked, in which the Restricted Stock unlocked during the fourth unlock period is 1,430,200 shares and Reserved Restricted Stock unlocked during the third unlock period is 199,000 shares. The Restricted Stock in the fourth unlock period was listed on December 30, 2021, and the Reserved Restricted Stock in the third unlock period was listed on November 15, 2021.

For detailed contents, see Announcement of Unlocking of Restricted Stock within the Fourth Unlock Period and the Reserved Restricted Stock of the Third Unlock Period of 2017 Restricted Stock Incentive Plan, the Suggestive Announcement on Listing of Reserved Restricted Stock Unlockable during the Third Unlock Period of 2017 Restricted Stock Incentive Plan and the Suggestive Announcement on Listing of Restricted Stock Unlockable during the Fourth Unlock Period of 2017 Restricted Stock Incentive Plan disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on April 1, November 10, and December 27, 2021.

2. On August 27, 2020, the 2nd Session of the Seventh Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of five Incentive Objects due to their resignation, the Company has decided to repurchase and cancel 26,000 shares of Restricted Stock at the price of RMB1 per share. The Proposal on Repurchasing and Canceling a Part of Restricted Stock has been adopted by the Annual General Meeting of Shareholders for 2020 Fiscal Year held on April 22, 2021. The Company has repurchased and canceled 26,000 shares of Restricted Stock at the price of RMB 1 per share and paid totally RMB 26,000 to the above incentive objects. After confirmed by Shenzhen Branch of CSDCC, the Company completed repurchase and cancellation on July 1, 2021.

For detailed contents, see Announcement of Repurchasing and Canceling a Part of Restricted Stock and Announcement of Completion Repurchasing and Canceling a Part of Restricted Stock disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on August 28, 2020, and July 5, 2021.

(II) About the 2021 Equity Incentive Plan

1. The 10th Session of the Seventh Board of Directors and the 9th Session of the Seventh Board of Supervisors held by the Company on December 10, 2021 reviewed and passed the Proposal on the <2021 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd.> and Its Summary. The Company intended to grant a total of 1.2095 million restricted shares to the 293 incentive objects, accounting for about 0.150% of the Company's total share capital. The independent directors of the Company expressed their independent opinions on the equity incentive plan, and the Board of Supervisors of the Company conducted preliminary verification on the list of incentive objects.

For details, please refer to the 2021 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and its summary disclosed on Cninfo (<http://www.cninfo.com.cn>) on December 14, 2021.

2. The Company disclosed the Verification Opinions of the Board of Supervisors on the List of Incentive Objects of the Company's 2021 Restricted Stock Incentive Plan on December 25, 2021. According to the Company's Board of Supervisors, the incentive objects enrolled into the incentive plan meet the conditions stipulated in relevant laws, regulations and regulatory documents, and their subject qualification as the incentive objects of the Restricted Stock Incentive Plan is legal and effective.

For detailed contents, see Verification Opinions of the Board of Supervisors on the List of Incentive Objects of the Company's 2021 Restricted Stock Incentive Plan disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on December 25, 2021.

4. The Third Interim General Meeting of Shareholders convened by the Company on December 30, 2021 reviewed and passed the Proposal on the <2021 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd.> and Its Summary, the Proposal on the Assessment Management Measures of the 2021 Restricted Stock Incentive Plan of Zhejiang Supor Co., Ltd., and the Proposal on the Request to the Board of Shareholders to Authorize the Board of Directors to Deal with Matters in Relation to the Restricted Stock Incentive Plan.

For detailed contents, see Announcement of Resolution of the Third Interim General Meeting of Shareholders 2021 disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on December 31, 2021.

5. The Company disclosed the Self-inspection Report on Purchase and Sale of the Company's Shares by Persons with Insider Information of the 2017 Restricted Stock Incentive Plan on December 31, 2021. In the planning process of the incentive plan, the Company did not find any act of any persons with insider information in purchasing and selling stocks by using the insider information, and neither found such act within 6 months prior to the initial public disclosure of the incentive plan (Revised Draft).

For detailed contents, see Self-inspection Report on Purchase and Sale of the Company's Shares by Persons with Insider

Information of the 2021 Restricted Stock Incentive Plan disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on December 31, 2021.

Equity incentives received by the Company's directors and senior executives

√ Applicable □ Not-applicable

Unit: share

Name	Position	Shares which can be exercised in the reporting period	Shares exercised in the reporting period	Exercise price of exercised shares in the reporting period (RMB/share)	Market price at the end of reporting period (RMB/share)	Restricted stock held at the beginning of period	Shares unlocked in current period	Restricted stock newly granted in the reporting period	Granting price of restricted stock (RMB/share)	Restricted stock held at the end of period
Su Ming-Jui	Former General Manager	0	0	0	0	104,000	104,000	0	0	0
Xu Bo	Chief Financial Officer	0	0	0	0	71,500	71,500	0	0	0
Ye Jide	Vice General Manager, Board Secretary	0	0	0	0	28,000	28,000	0	0	0
Total	--	0	0	--	--	203,500	203,500	0	--	0
Remarks (if any)		<p>Former General Manager Mr. Su Ming-Jui: Under the 2017 Equity Incentive Plan, 104,000 restricted stocks unlockable in the fourth unlock period were listed and circulated on December 30, 2021.</p> <p>Chief Financial Officer Mr. Xu Bo: Under the 2017 Equity Incentive Plan, the 64,000 restricted stocks that can be unlocked in the fourth unlock period was listed and circulated on December 30, 2021, and the 7,500 shares of Reserved Restricted Stock that can be unlocked in the third unlock period was listed and circulated on November 15, 2021.</p> <p>Vice General Manager and Board Secretary Mr. Ye Jide: Under the 2017 Equity Incentive Plan, 28,000 restricted stocks unlockable in the fourth unlock period were listed and circulated on December 30, 2021.</p>								

Evaluation mechanism and incentive of senior executives

The Company has established a perfect performance appraisal system and salary system for senior executives, which directly connects the work performance of senior executives with their salary. Based on the indicators of the KPI system established at the beginning of 2021, the Company has conducted the year-end appraisal in January 2022 of senior executives of their working abilities, duty performance and target fulfillment, meanwhile, distributed annual performance salary. During the reporting period, the Company unlocked the restricted stock allowed to be unlocked in the fourth unlock period and the reserved restricted stock unlockable in the third unlock period which are granted to senior executives who have restricted stocks in accordance with the 2017 Restricted Stock Incentive Plan (Revised Draft). The Compensation Committee of the Board of Directors, as the special committee under the Board of Directors, reviewed the appraisal result.

2. Implementation of the employee stock ownership plan

☐ Applicable ☒ Not-applicable

3. Other employee incentive measures

☐ Applicable ☒ Not-applicable

XII. Development and implementation of internal control systems within the reporting period**1. Development and implementation of internal controls**

In accordance with the requirements of the Basic Standards for Internal Control of Enterprises and based on the principles of comprehensiveness, significance, balance, adaptability and cost-effectiveness, the Company establishes and improves the internal control system implemented by the Board of Directors, Board of Supervisors, managers and all employees to achieve the Company's strategic development goals, with a view to reasonably ensuring the legal compliance of the Company's operation and management, asset security, and authenticity and integrity of financial statements and related information, and to improving business efficiency and effectiveness.

1. Control environment**(1) Governance structure**

In accordance with the provisions of national laws and regulations, resolutions of the Board of Shareholders, and the Articles of Association, the Company defines the duties and authorities, rules of procedure, and working procedures of the Board of Shareholders, Board of Directors, Board of Supervisors and managers, so as to form a governance mechanism for the separation of decision-making, implementation, and supervision. The Board of Directors is accountable for the Board of Shareholders, and exercises the business decision-making power of the Company according to law, and shall be accountable for the establishment, improvement and effective implementation of internal control. The special committees pertaining to strategy, audit and remuneration set up under the Board of Directors provide support for scientific decision-making, in which the Audit Committee is responsible for reviewing and supervising the effective implementation of internal controls and the self-evaluation on internal controls. The Board of Supervisors is accountable for the Board of Shareholders and supervises the Board of Directors and senior executives of the Company to perform their duties according to law. The senior management composed of the President and the Chief Financial Officer are accountable for the Board of Directors, and take charge of the daily operation and management activities of the Company.

(2) Organizational structure and division of authorities and responsibilities

In view of the business characteristics and internal control requirements, the Company reasonably sets up internal organizations at all levels, such as the functional departments of the headquarters, business departments, production bases, marketing centers and other internal institutions, and defines the division of authorities and responsibilities in the organization structure chart, job descriptions, business flow charts, authorization system documents and other internal management documents, so as to form a working mechanism that allows performance of corresponding duties with mutual restriction and coordination.

(3) Internal audit

The Company has set up an audit department, which reports to the Audit Committee of the Board of Directors. The audit department evaluates the level of internal control and the efficiency of process control and organization by means of internal audit, internal control consultation and organizational risk assessment, and timely reports to the management and the Audit Committee for the internal control defects and potential risks detected in the process of supervision and inspection, and promotes relevant departments to formulate action plans and follow up the corresponding rectification performance to ensure the effective implementation of internal controls.

(4) Human resource policies

In accordance with the development strategy, current situation of human resources, and future demand forecast, the Company formulates and implements human resources policies conducive to the sustainable development of the Company. The Personnel Management System, Recruitment Management System, Remuneration Management System, Training Management System, Attendance Management System, and Employee Manual formulated by the Company clearly define the principles and processes for the employees in aspects of selection and appointment, dismissal and transfer, remuneration assessment, training, rewards and punishments, labor disciplines, information confidentiality, etc.

(5) Enterprise culture

The Company adheres to the enterprise spirit of "With Pressure, Face Pressure, Overcome pressure", sets up the enterprise style of "Patriotism, Integrity, Modesty, Pragmatism, Innovation and Transcendence, and devotes to improving the living quality of thousands upon thousands of families in their kitchens and homes, so that "Where there is a home, there is Supor" can become the consensus of more and more consumers. Through the establishment of a series of internal norms such as the Basic Law of Supor and the Code of Professional Ethics of Employees, the Company integrates the efficient and pragmatic corporate culture into all aspects of daily production and operating activities, and enhances the employees' sense of responsibility and sense of mission, normalizes employee behaviors, enhances corporate cohesion and coagulation, and constantly improves the overall image of the Company.

2. Risk assessment

According to the established control objectives and the characteristics of business development in different stages, the Company introduces different forms of measures, such as risk self-assessment, anti-corruption questionnaire, risk mapping, and tax risk matrix, to carry out comprehensive, systematic and continuous collection of relevant information, with the method combining both quantitative and qualitative measures, in order to timely identify and systematically analyze the internal risks in the production and operating processes in terms of human resources, management, innovation, finance, assets, health, safety, environmental protection, data confidentiality, business loss, and sustainable operation, and the external risks in the production and operating processes in terms of politics, economy, law, taxation, science and technology, natural environment, social environment, etc., and to determine the risk response strategy that matches the Company's risk bearing capacity and take appropriate control measures to achieve effective risk control, on the basis of weighing the principle of cost-benefit.

3. Control activity

In the course of daily operation, the Company continuously establishes and improves various management systems, covering financial accounting, internal control, human resources, material procurement, inventory management, asset management, technological R&D, production process, quality control, product sales, health, safety and environment, comprehensive management, etc., to ensure the compliance of all work aspects. Under the various institutional frameworks, the Company reasonably ensures the realization of business objectives through the implementation of key control measures and procedures.

Key controls must include: separated control for incompatible posts, approval control for authorization, accounting system control, property protection and control, budget control, operational analysis control, performance assessment control and other controls.

(1) Approval control for authorization: the Company defines the scope, authority, procedure, responsibility and other relevant aspects of authorization and approval, and the management staff at all levels of the Company must exercise the corresponding functions and powers within the scope of authorization, and the handling personnel must also handle economic transactions within the scope of authorization and bear corresponding liabilities.

(2) Separated control for incompatible posts: the Company sets up a reasonable division of labor, scientifically divides responsibilities and powers, and formulates the System of Separation of Responsibilities and Powers in accordance with the principle of separation of incompatible duties, so as to form a mechanism of mutual checks and balances. Incompatible duties mainly include: feasibility study and decision approval, decision approval and implementation, implementation and supervision & inspection.

(3) Accounting system control: in strict accordance with the provisions of the Accounting Standards for Business Enterprises, the Company formulates the financial policies and processes such as the Accounting Preconditions and Basic Principles, Accounting System of Accounting Subjects, Revenue Recognition System, Consolidated Statement System, and Account Settlement Process, clearly defines the handling procedures for accounting vouchers, accounting books and financial statements, so as to ensure the

authenticity and integrity of accounting data.

(4) Property protection and control: the Company strictly restricts unauthorized personnel from accessing and disposing assets, and adopts measures such as regular stocktaking, asset records, account verification, and property insurance, to ensure the safety of all kinds of assets in accordance with the requirements of the Inventory Taking and Regulation System, and Fixed Assets Management System formulated by the Company.

(5) Budget control: the Company implements comprehensive budget management in accordance with the Budget System, and the responsible departments at all levels prepare their budgets in accordance with their responsibilities and powers, and regularly follow up the implementation of their budgets after being reviewed and approved by the management.

(6) Operational analysis control: the Company has established a regular operation analysis mechanism, with which the management can utilize the data and information acquired in the production, procurement, sales, finance and other systems to comprehensively analyze and evaluate the Company's operating risks and market situations, timely detect any problems, identify the causes and formulate effective rectification plans for improvement.

(7) Performance assessment control: according to the requirements of the Company's Remuneration Management System, the Company's organizations at all levels have established and implemented a comprehensive and systematic performance assessment system, to scientifically set up performance assessment indicators of various individuals/groups, regularly organize assessment and objective evaluation, and take the assessment results as the basis for employee remuneration adjustment, job promotion, reward and punishment, post transfer, dismissal, etc.

4. Information and communication

According to the requirements of development strategy, risk control and performance assessment, the Company has established different levels of internal reporting indicator systems, in order to enable the management at all levels to timely and comprehensively access all kinds of internal and external information pertaining to production and management and promptly formulate business principles and policies adaptive to business and environmental changes. The internal reporting systems make full use of information technology to build a scientific internal reporting network based on reliable information systems such as SAP, BI, CRM, consolidated statements, and management statements.

The Company has established a special anti-fraud mechanism, clearly defined the key areas and key links of anti-fraud efforts and the anti-fraud responsibilities and powers of relevant departments, and set up the solely-designated supervision channel to standardize the whistleblowing, investigation, handling, reporting and follow-up processes of fraud cases. Besides, through e-mail, official website, WeChat official account, contracts, training, meetings and other forms of measures, the Company publicizes the anti-fraud policies and supervision channels to employees, suppliers, distributors and other stakeholders from time to time, so as to form an anti-fraud atmosphere which emphasizes on prevention and combines both punishment and prevention.

5. Supervision on control

The Company has established an internal control and supervision mechanism, with which the independent directors and the Board of Supervisors can fully and independently perform supervisory duties for the management of the Company, and carry out independent evaluation and provide independent suggestions. The Company has formulated the Internal Audit System, and the special internal audit department under the leadership of the Audit Committee of the Board of Directors can independently carry out internal audit, implement effective supervision over the management and promote the effective implementation of internal controls. In the light of the situation of internal supervision, the Company regularly carries out self-evaluation on the effectiveness of internal controls and issues internal self-evaluation reports.

2. Significant internal control defects of internal control found in the reporting period

☐ Yes ☒ No

XIII. The Company's Management and Control of Subsidiaries during the Reporting Period

The headquarters of listed companies effectively monitors the subsidiaries through the following measures:

- (1) Delegate and appoint senior executives of subordinate subsidiaries at the beginning of each year, and clearly define their terms of reference and report objects.
- (2) Supervise subordinate subsidiaries to formulate detailed management processes and risk control procedures for various business sectors and functional areas under the principle frameworks of management systems of the headquarters and business divisions.
- (3) Convene a monthly operating and financial meeting to review and follow up the implementation of the subsidiaries' business plans and the completion of various performance evaluation indicators in a timely manner, in accordance with the Company's development and business objectives specified in the annual budget planning meeting. Besides, various functional committees, such as product committee, and procurement committee, also carry out effective monitoring over the daily operation and operating activities of the subsidiaries.
- (4) The main financial and business information systems, including SAP, CRM, SRM and BI, are centrally managed in the headquarters of listed companies, which is convenient for the headquarters to access and manage the production, sales and procurement of the subsidiaries through system reports in real time. In addition, all subsidiaries are also required to submit management reports in respect of operation, industry, human resources, etc., to the headquarters on a monthly basis.
- (5) The receipts and payments of major subsidiaries are subject to centralized allocation and disbursement of the Financial Sharing Center of the headquarters of the listed companies, and the Financial Sharing Center is responsible for the preparation and reporting of the monthly balance sheets, profit statements and cash flow statements of the subordinate subsidiaries, and convening regular meetings with subordinate subsidiaries to analyze and follow up the changes of various financial data.
- (6) In accordance with the requirements of the Company's Management System for Information Disclosure Affairs, each subsidiary shall promptly report to the headquarters of the listed companies relevant information pertaining to major business/financial and other matters, and provide timely feedback on the progress or changes of major matters, and if necessary, go through the review and approval procedures of the Board of Directors and Board of Shareholders.
- (7) Timely identify the potential risks and major issues inside and outside the subsidiaries by means of internal audit, risk self-assessment, anti-corruption questionnaire, management statement and anti-fraud investigation, etc., draw the management's attention to key areas and vulnerable links, and promptly take measures to reduce relevant risks.

XIV. Internal Control Self-evaluation Report or Internal Control Audit Report

1. Self-evaluation report of internal control

Date of disclosure of full text of Evaluation Report of Internal Control	April 1, 2022
Date of disclosure of full text of Evaluation Report of Internal Control	Reference can be made to Self-Evaluation Report on Internal Control 2021 disclosed on Securities Times, China Securities Journal, Securities Daily, and http://www.cninfo.com.cn .
The proportion of total unit assets involved in evaluation scope in total assets of the consolidated financial statement	100.00%
The proportion of operating income involved in evaluation scope in	100.00%

operating income of the consolidated financial statement		
Defect Identification Standard		
Categories	Financial statement	Non-financial financial statement
Qualitative standard	1) Identification standard of significant defects: fraud of directors, supervisors and senior executives of the Company; modification of financial statement having been published; any material misstatement of the current period financial statement found by CPA but having not been found during internal control; and invalid supervision by the Audit Committee, the Board of Supervisors and internal audit organization for internal control. 2) Identification standard of important defects: selection and application of accounting policies violating accepted accounting criteria; one or several defect(s) on the control of closing financial statement, and failure of reasonably guarantee the prepared financial statement is true and accurate; no check-and-balance system and control measures preventing fraud established. 3) General defects refer to other internal control defects not constituting the standards of significant defects and important defects.	1) Identification standard of significant defects: unscientific decision procedure of the Company, such as significant decision-making mistakes which cause the M&A of significant enterprise project to fail in reaching expected objectives; violation of national laws and regulations, such as heavy losses of enterprise caused by non-conforming products; significant adverse influence existing in the production and operation of enterprise caused by severe loss of medium and senior management persons and senior technicians; and lack of system control or systematic invalidation for important business. 2) Identification standard of important defects: defects on important business systems; failure of rectification for important defects found during internal control and internal supervision; and severe loss of business persons on key posts. 3) Identification standard of general defects: defects on general business systems; failure of rectification for general defects found during internal control and internal supervision; and severe loss of business persons on general posts.
Quantitative standard	1) Identification standard of significant defects: potential misstatement of total profit \geq 5% of total profit; potential misstatement of total operating income \geq 2% of total operating income; and potential misstatement of total assets \geq 2% of total assets. 2) Identification standard of important defects: 3% of total profit \leq potential misstatement of total profit $<$ 5% of total profit; 1% of total operating income \leq potential misstatement of total operating income $<$ 2% of total operating income; and 1% of total assets \leq potential misstatement of	1) Identification standard of significant defects: direct property loss amount taking above (inclusive) 0.5% in total assets, and causing significant adverse influence on the Company. 2) Identification standard of important defects: direct property loss amount taking above (inclusive) 0.1% but no more than 0.5% in total assets, and causing no significant adverse influence on the Company. 3) Identification

	total assets<2% of total assets. 3) Identification standard of general defects: potential misstatement of total profit<3% of total profit; potential misstatement of total operating income<1% of total operating income; and potential misstatement of total assets<1% of total assets.	standard of general defects: direct property loss amount taking below 0.1% in total assets and causing no significant adverse influence on the Company.
Qty. of significant defects in financial statement (pcs)		0
Qty. of significant defects in non-financial statement (pcs)		0
Qty. of important defects in non-financial statement (pcs)		0
Qty. of important defects in non-financial statement (pcs)		0

2. Audit report of internal control

☒ Applicable ☐ Not-applicable

Deliberations in the audit report of internal control	
We believe that your company has maintained effective internal control over financial reporting in all major aspects in accordance with the Basic Standards for Internal Control of Enterprises and relevant regulations on December 31, 2021.	
Disclosure of audit report of internal control	Disclosed
Date of disclosure of full text of audit report of internal control	April 1, 2022
Date of disclosure of full text of audit report of internal control	Reference can be made to Audit Report on Internal Control 2021 disclosed on Securities Times, China Securities Journal, Securities Daily, and http://www.cninfo.com.cn .
Type of audit report opinion of internal control	Standard opinions with no reservation
Significant defect in non-financial statements	No

Did the accounting firm issue the audit report of internal control with non-standard opinions?

☐ Yes ☒ No

Is the audit report of internal control issued by the accounting firm consistent with the opinions in self-evaluation report of the Board of Directors?

☒ Yes ☐ No

XV. Rectification of Self-inspected Problems in the Special Action on Governance of Listed Companies

According to the requirements of the regulatory authorities, the Company has launched a four-month special self-inspection action

on the governance of listed companies since December 17, 2020. The special self-inspection action provides a comprehensive review of the corporate governance in seven aspects including the basic situation of listed companies, controlling shareholders/actual controller and related parties, construction of internal control and normalization system, information disclosure and transparency, and institutional/foreign investors, which identify problems and detect shortcomings in accordance with the regulatory rules, the Articles of Associations and other normative documents, so as to give full play to the opportunity of self-inspection activities to improve the level of governance and protect the interests of investors.

As shown by the results of the self-inspection, the Company is not involved in any matters violating the national regulations and the CSRC regulations, and the corporate governance level of the Company complies with requirements of the laws and regulations such as the Company Law, Securities Law, Guidelines for the Standardized Operation of Listed Companies in Shenzhen Stock Exchange, and Guidelines for Articles of Association of Listed Companies, in accordance with the requirements of laws and regulations, and the corporate governance structure of the Company is complete and its operation is standardized. However, some of the current internal control systems of the Company are outdated, without being updated in a timely manner.

The 5th Session of the Seventh Board of Directors convened by the Company on March 31, 2021 reviewed and passed the Proposal on Amending the Articles of Association, which proposed to update certain provisions of the Company's Articles of Association. The abovementioned amendment to the Articles of Association had been reviewed and approved at the 2020 annual general meeting of shareholders held by the Company on April 22, 2021. The 8th Session of the Seventh Board of Directors held by the Company on August 26, 2021 reviewed and approved the Proposal on Reenacting the <Rules and Procedures for Meetings of Board of Shareholders of Zhejiang Supor Co., Ltd.> and the Proposal on Reenacting the <Rules and Procedures for Meetings of the Board of Directors of Zhejiang Supor Co., Ltd.>, which proposed to reenact the corresponding rules and procedures, in view of the outdated versions of the rules of procedure of the Company. On the same day, the Company held the 7th Session of the Seventh Board of Supervisors, which reviewed and approved the Proposal on Reenacting the <Rules and Procedure for Meetings of the Board of Supervisors of Zhejiang Supor Co., Ltd.>. The abovementioned reenactment of the rules and procedures had been reviewed and approved at the Second Interim General Meeting of Shareholders in 2021 held by the Company on September 13, 2021.

Subsequently, the Company will sort out and update the internal control systems issued by the Company in a timely manner in accordance with the current laws and regulations, and will continuously establish and improve the internal control systems, so as to give full play to them.

SECTION V SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

1. Major environmental issues

Do the listed company and its subsidiary belong to key pollutant discharging unit posted by the environmental protection department?

√ Yes □ No

Name of the Company or subsidiary	Name of main pollutant or specific pollutant	Discharge mode	Number of discharge ports	Distribution of discharge ports	Discharge concentration	Executive pollutant discharge standard	Total discharge amount	Total discharge amount checked	Excessive discharge
Zhejiang Supor Co., Ltd.	COD	Included into urban pipeline after	1	Wastewater discharge port of the	≤30mg/L	"Quasi-IV" standards in the Table of Effluent Indexes and Standard Limits for Urban Sewage Treatment Stations in Taizhou"	6.89t	85.5t/a	None
	Ammoniacal nitrogen	pollutants are treated up to standards		wastewater station in plant area	≤1.5mg/L	"Quasi-IV" standards in the Table of Effluent Indexes and Standard Limits for Urban Sewage Treatment Stations in Taizhou"	0.34t	7.875t/a	None
	COD	Indirect discharge	1	Total discharge port of enterprise wastewater	12.729 mg/l	Discharge Standard of Pollutants for Municipal Wastewater	3.12575t	14.6t/a	None

Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd.						Treatment Plant (GB18918-2002)			
	Ammoniacal nitrogen				0.1817 mg/l	Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus for Industrial Wastewater (GB33/887-2013)	0.044628t	0.73t/a	None
	VOCs	Organized emission	3	(1) Discharge port of spraying and drying exhaust gas (2) Discharge port of spraying exhaust gas (3) Discharge port of the plastic workshop	10.17 mg/m ³	Emission Standard of Air Pollutants for Industrial Surface Coating (DB33/2146-2018)	2.041t	2.067t/a	None
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd.	COD	Included into urban pipeline after pollutants are treated up to standards	1	Wastewater discharge port of the wastewater station in plant area	62.88mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	50.450540t	69.63t/a	None
	Ammoniacal nitrogen				1.09 mg/L	Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus for Industrial Wastewater (DB33/887-2013)	0.8463800t	7.43t/a	None
	Total nitrogen				18.035mg/L	Wastewater Quality	14.519220t	15.07135t/a	None

						Standards for Discharge to Municipal Sewers (GB/T 31962-2015);			
	Total nickel				0mg/L	Emission Standard of Pollutants for Electroplating (GB21900-2008)	0t	0.000022t/a	None
Wuhan Supor Cookware Co., Ltd.	COD	Intermittent discharge, whose flow rate is neither stable nor regular, but it's not an impulsive discharge	1	Wastewater discharge port of the wastewater station in plant area	14.41mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	6.391t	10.34t/a	None
	Ammoniacal nitrogen				0.69mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015);	0.305t	1.95t/a	None
	VOCs	Organized emission	1	Spray exhaust gas treatment discharge port	5.23-11.9 mg/Nm³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	3.942t	12.16t/a	None

Construction and operation of pollution prevention facilities

Under special sewage treatment mechanism in the Company, all wastewater generated will gather at this station for central treatment. After chemical precipitation and autocatalyzed oxidation, wastewater will meet the first grade discharge standards and then be discharged into urban wastewater pipes. At the same time, the Company has reclaimed water reuse facilities that can arrange water treatment plan according to water quality. The production wastewater is first treated at the sewage treatment station and then disposed through the reclaimed water system for production. After that, part of the sanitary sewage after combined treatment enters municipal sewage network.

As per the online monitoring by the competent authorities during the reporting period, the Company's corresponding pollution prevention and control facilities operate normally, with emissions conforming to the standards.

Environmental impact assessment of construction projects and other administrative permissions for environmental protection

In the reporting period, Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. proposed a technical improvement project, aiming at an annual production capacity of 40 million sets of household appliances. The project is in line with the national and

local requirements for industrial development, the overall urban planning of Shaoxing City, the land use planning and "Three Lines and One List" ecological and environmental zoning control plan of Yuecheng District, Shaoxing City. Its site location is basically reasonable; and its measures for clean production are feasible. Pollutants of the project, after being treated by the pollution prevention and control measures proposed in the EIA, can be discharged up to standard, and satisfy the total amount control requirements, with little impacts on the surrounding ambient air, water and acoustic environment, and the target object to be protected. The quality of ambient air, surface water, groundwater and acoustic environment near the project site can meet their corresponding functional requirements. According to the Notice on Strengthened Management of Environmental Impact Assessment Focusing on Improving Environmental Quality (HHP No.[2016] 150), the project is not located within an ecologically protected area, and environmental quality meets the relevant requirements, as the project takes effective control measures. As a result, project construction conforms to the requirements of "Three Lines and One List" (HHP No.[2016] 150). In summary, the project is in line with the principles of environmental protection approval, and is feasible to be constructed at the site proposed, from the perspective of environmental protection.

In the reporting period, Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd. proposed a renovation project of spray coating lines. After investigating the current environmental situation near the project, conducting an engineering analysis, and performing a predictive analysis of post-operation impacts on the environment, it's concluded in this assessment that the construction of the project is feasible from the perspective of environmental protection, so long as the construction unit conscientiously implements the pollution prevention measures and countermeasures proposed herein, effectively achieves the "three simultaneous" to secure investment in environmental protection facilities, strengthens management after it's completed and put into operation, and does well in environmental pollution prevention.

During the reporting period, Zhejiang WMF Housewares Co., Ltd. implemented the technical transformation project of the production line of stainless steel products with an annual output of 20 million pcs. The project complies with the current national laws and relevant industrial policies, and the site selection of the project complies with the requirements of the overall urban planning of Yuhuan City, the overall planning of land use in Yuhuan City, and the corresponding ecological environment partition control plan of "Three Lines and One List". The emission of "Three Wastes" in the production process of the project is relatively minor, and it is able to meet the emission standards for various pollutants and the quality of the ambient environment can sustain the current situation, provided that the pollution prevention and control measures proposed by the EIA can be strictly implemented, the environmental protection management can be consolidated, and the normal and efficient operation of environmental protection facilities can be ensured. From the perspective of environmental protection, the construction work of the project is feasible.

Environmental emergency plan

The Company formulates the emergency response plan for emergent environmental incidents, on the basis of carefully identifying and evaluating potential major hazards, accident types, likelihood of occurrence, accident consequences and severity, and in the light of the Company's actual production and operation conditions, to establish and improve the emergency response mechanism for environmental incidents, enhance the ability of the enterprise in coping with environmental incidents, prevent the occurrence of emergency environmental incidents, quickly and effectively carry out personnel evacuation, cleaning and purification, environmental monitoring, pollution tracking, information circulation, and eco-environmental impact assessment and restoration actions following occurrence of accidents, minimize the losses and social hazards caused by the incidents, maintain social stability, protect public life, health and property safety, preserve the security of local environment and water resources, and promote comprehensive, coordinated and sustainable social development.

At present, it has completed the preparation, review and filing of the emergency response plan for emergent environmental incidents, adheres to the principles of prevention first, hazard reduction, unified leadership, hierarchical accountability, enterprise self-help, local management, resource integration, and linkage disposal, etc., and implements the emergency response plan for emergent environmental incidents.

Environmental monitoring scheme

The Company has formulated an environmental self-monitoring plan in accordance with relevant national laws and regulations,

which includes: (1) Monitoring of waste gas pollutant sources: set up sampling points of monitoring at each exhaust gas discharge port, and carry out quarterly/semi-annual monitoring according to different monitoring indicators; (2) Monitoring of wastewater pollutant sources: carry out monthly monitoring and sampling at the inlet and outlet of the wastewater treatment station to monitor the variation of wastewater pollution sources and the up-to-standard discharge of wastewater post treatment by the wastewater treatment station. The monitoring items include suspended solids, five-day biochemical oxygen demand, anionic surfactants, total phosphorus, petroleum, etc.

Administrative penalties for environmental problems during the reporting period

None

Other environmental information that shall be made public

None

Measures and effects taken to reduce carbon emissions during the reporting period

☐ Applicable ☒ Not-applicable

Other environmental protection related information

None

II. CSR building

For details, please refer to the 2021 Corporate Social Responsibility Report issued by the Company.

III. Consolidate and expand the achievement of poverty alleviation and the implementation of rural revitalization

During the reporting period, the Company continued to operate the charity project of "Supor Primary School", work with caring partners to provide support for the improvement of rural educational conditions in the remote mountainous areas of the central and western regions, construct school buildings to improve the school-running environment, and comprehensively enhance the school-running capacity of rural schools through teacher training activities, and online and offline educational support, etc.

With a view "to enabling rural children in remote mountainous areas to enjoy fair and quality education," the Company has gradually shifted the focus of charity from hardware improvement to the education quality and living quality of teachers and students in rural schools, following the comprehensive poverty alleviation across the nation in 2020. While continuing to promote the construction of the Supor Primary School, the Company has actively cooperated with charity partners to introduce high-quality online and offline education programs to the Supor Primary School, so that rural children can also have access to rich and diversified art courses. In the future, the Company will also consider to make efforts in life education, vocational education, etc.

In the reporting period, the Company continued donating resources to middle and west China's remote mountainous areas to improve the schooling conditions, constructed Supor primary schools and supported the following development of these schools. At present, the commonweal map of Supor Primary School has covered the mountainous areas in 12 provinces and autonomous regions, including Qinghai, Yunnan, Guizhou, Sichuan, Hubei, Jiangxi, Hunan, Guangxi, Henan, Shaanxi, Gansu and Hebei; it now has built 28 schools. Amongst others, after Henan suffered a catastrophic flood disaster in the summer of 2021, the Company donated RMB 2 million to support the post-disaster reconstruction of local rural schools.

In addition to school buildings, the Company built "NenYaEr" libraries, constructed "LiLiXiang" canteens, provided training and overseas study opportunities for the teachers of Supor primary schools, and introduced live online courses of music, fine arts and English to rural primary schools that lack teacher resources, fully improving their philosophy of schooling and schooling level and enabling children in villages to have faire education opportunities.

During the reporting period, two Supor primary schools were completed and put into use, one supor primary school was completed

for its major construction, and online live-streaming art and foreign language courses were introduced for twelve Supor primary schools. Study opportunities were offered to 17 rural teachers in Sichuan, Guizhou, Qinghai, Gansu, Shaanxi and Hunan provinces, and appropriate products of the Company were donated to rural teachers and students.

With the completion of the national poverty alleviation and the opening of the rural revitalization strategy, in the future, the Company will strictly observe the national policies and give full play to the advantages of Supor's business capabilities and resources on the platform of the Supor Primary School Charity Project, actively promote various charity programs and activities in terms of life education for children in mountain villages and broadening their horizons, and work with more like-minded charity partners to contribute to a better life and better society in remote and backward areas.

Indicator	Measurement unit	Quantity/fulfillment
Education for poverty alleviation	--	--
Including: Investment amounts for funding poor students	RMB 10,000	5
Number of poverty-stricken students aided	Person	40
Amount invested to improve the education resources in poor areas	RMB 10,000	180
Awards received (content, grade)	--	--
Responsible Brand Award of the China Charity Festival 2021		For years of active performance of social responsibilities and pragmatic practices in charity, the Company won the 2021 Responsible Brand Award granted by the 11th China Charity Festival & Corporate Social Responsibility Carnival.

SECTION VI SIGNIFICANT EVENTS

I. Fulfillment of Commitments

1. Commitments that were fulfilled in the reporting period and had not been fulfilled till the end of reporting period by actual controller, shareholder, related party, purchaser and other commitment parties of the Company

√ Applicable □ Not-applicable

Cause of commitment	Party making the commitment	Type of commitment	Content of commitment	Time of commitment	Term of commitment	Fulfillment
Commitment on non-tradable shares reform						
Commitments in acquisition report or equity change report	SEB Internationale	Other commitment	SEB Internationale commits in Acquisition Report signed on October 19, 2011: retain 25% of Supor's existing or any future share capital in ten years.	October 19, 2011	December 22, 2011 - December 21, 2021	Fulfilled
Commitments made during asset restructuring						
Commitments made during initial public offering and refinancing						
Equity incentive commitments						
Other commitments to minority shareholders of the Company						
Has the commitments been fulfilled timely?	Yes					

2. Where assets or projects of the Company are expected to make profit, and the expected profiting period is in the reporting period, the Company hereby explains p

□ Applicable √ Not-applicable

II. Occupied non-business capital of listed company for controlling shareholders and related parties

☐ Applicable ☒ Not-applicable

There was no non-operating occupation of capital of listed companies by controlling shareholders and their related parties of the Company during the reporting period.

III. Illegal external guarantee

☐ Applicable ☒ Not-applicable

There was no illegal external guarantee of the Company during the reporting period.

IV. Explanation of the Board of Directors on the latest "Non-standard Audit Report"

☐ Applicable ☒ Not-applicable

V. Explanation of the Board of Directors, the Board of Supervisors and independent directors (if any) on the "Non-standard Audit Report" during the reporting period

☐ Applicable ☒ Not-applicable

VI. Representation of changes in accounting policies and accounting estimates or correction of important accounting errors, compared with the financial statements of the previous year

☒ Applicable ☐ Not-applicable

In the year of 2021, the Group implemented the following Accounting Standards for Business Enterprises issued by the Ministry of Finance in recent years and abided by the implementation Q&A and cases of the Accounting Standards for Business Enterprises released by the Ministry of Finance in 2021, mainly including:

-Accounting Standards for Business Enterprises No. 21 -- Leasing (Revision) (CK [2018] No.35) ("New Lease Standards")

-Regulations on Accounting Treatment of Rent Reduction Pertaining to COVID-19 Pandemic (CK [2020] No.10) and the Notice on Adjusting the Scope of Application of the <Regulations on Accounting Treatment of Rent Reduction Pertaining to COVID-19 Pandemic> (CK [2021] No.9)

-Interpretation of Accounting Standards for Business Enterprises No.14 (CK [2021] No.1) ("Interpretation No.14")

For details, please refer to "34. Change of important accounting policies and estimates" of "V Important accounting policies and estimates" of SECTION X "FINANCIAL STATEMENT".

VII. Information on change of the scope of consolidated statement compared with the previous year's financial statements

☐ Applicable ☒ Not-applicable

There was no change in the scope of consolidated statements during the reporting period.

VIII. Employment and Disengagement of Certified Public Accountants

Certified public accountants engaged at the moment

Name of domestic certified public accountants	KPMG Huazhen LLP (Special General Partnership)
Reward for domestic certified public accountants (RMB 10,000)	220.00
Service years of audit for the Company	1
Names of CPAs from domestic certified public accountants	Huang Feng, Jin Yang
Service years of audit of the CPAs	Huang Feng (one year), Jin Yang (one year)

Intension of changing certified public accountants

☒ Yes ☐ No

Whether there is a change of accounting firm during the audit period

☐ Yes ☒ No

Whether the replacement of accounting firm is subject to the review and approval procedure

☒ Yes ☐ No

Detailed description for the change or replacement of accounting firm

The 5th Session of the Seventh Board of Directors held by the Company on March 31, 2021 reviewed and approved the Proposal on Appointment of the Audit Organization for 2021, and agreed that the Company would appoint KPMG Huazhen LLP (special general partnership) as the Company's financial audit organization for the year of 2021.

Employment of internal control counting firm, financial consultant or sponsor

☐ Applicable ☒ Not-applicable

IX. Delisting after disclosure of annual report

☐ Applicable ☒ Not-applicable

X. Bankruptcy or reorganization

☐ Applicable ☒ Not-applicable

There was no bankruptcy, reorganization or related matters in the Company in the reporting period.

XI. Significant litigations and arbitrations

☐ Applicable ☒ Not-applicable

There was no significant litigation and arbitration occurred in the reporting period.

XII. Punishment and rectification

☐ Applicable ☒ Not-applicable

There was no punishment and rectification in the reporting period.

XIII. Integrity of the Company, its controlling shareholders and actual controllers

☐ Applicable ☒ Not-applicable

XIV. Significant related transactions

1. Related transaction related to daily business

☒ Applicable ☐ Not-applicable

Related party	Correlated relation	Type of related transaction	Contents of related transaction	Pricing principle of related transaction	Price of related transaction	Amount of related transaction (RMB 10,000)	Percentage to amount of same transaction	Approved transaction limit (RMB 10,000)	Exceeding approved limit or not	Means of payments of related transaction	Market price of available same transaction	Date of disclosure	Reference for disclosure
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise	Purchase of commodity	Finished products	Contract price	-	15,684.03	0.98%	0	No	Bank transfer or notes	0		
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise	Purchase of commodity	Accessories	Market price	-	10,525.89	0.66%	0	No	Bank transfer or notes	0		
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Finished products	Contract price	-	456.27	0.03%	0	No	Bank transfer or notes	0		
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	963.42	0.06%	0	No	Bank transfer or notes	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	109.16	0.01%	0	No	Bank transfer or notes	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	2,289.55	0.14%	0	No	Bank transfer or notes	0		

	shareholder												
CALOR SAS	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	75.87	0.00%	0	No	Bank transfer or notes	0		
GROUPE SEB SINGAPORE	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	7.11	0.00%	0	No	Bank transfer or notes			
GROUPE SEB THAILAND	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	84.73	0.00%	0	No	Bank transfer or notes	0		
Heshan Demei Tableware Co., Ltd.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	35.77	0.00%	0	No	Bank transfer or notes	0		
WMF GROUPE GMBH	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	4,785.18	0.30%	0	No	Bank transfer or notes	0		
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder	Purchase of commodity	Finished products	Contract price	-	15.66	0.00%	0	No	Bank transfer or notes	0		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Finished products	Contract price	-	4.20	0.00%	0	No	Bank transfer or notes	0		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price		8.73	0.00%	0	No	Bank transfer or notes			
SEB ASIA	Same controlling	Purchase of commodity	Finished products	Contract price		150.36	0.01%	0	No	Bank transfer			

LTD.	shareholder									or notes			
ETHERA	Same controlling shareholder with the controlling shareholder	Purchase of commodity	Accessories	Market price	-	223.62	0.01%	0	No	Bank transfer or notes	0		
GROUPE SEB MALAYSIA	Same controlling shareholder	Purchase of commodity	Finished products	Contract price		11.38	0.00%	0	No	Bank transfer or notes			
Supor Group	Company controlled by related natural person	Purchase of commodity	Finished products	Market price	-	12.19	0.00%	0	No	Bank transfer or notes	0		
SEB ASIA LTD.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	667,329.99	30.92%	0	No	Bank transfer or notes	0		
SEB ASIA LTD.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	542.33	0.03%	0	No	Bank transfer or notes	0		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	2,257.80	0.10%	0	No	Bank transfer or notes	0		
S.A.S. SEB	Same controlling shareholder with the controlling shareholder	Sale of commodities	Accessories	Contract price	-	120.51	0.01%	0	No	Bank transfer or notes	0		
TEFAL S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	1,091.99	0.05%	0	No	Bank transfer or notes	0		
TEFAL	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	1,812.7	0.08%	0	No	Bank transfer	0		

S.A.S.	shareholder with the controlling shareholder	commodities	ries	price		8				or notes			
S.A.S. GROUPE SEB MOULIN EX	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	3,892.68	0.18%	0	No	Bank transfer or notes	0		
CALOR SAS	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	2,411.37	0.11%	0	No	Bank transfer or notes	0		
Supor Group	Company controlled by related natural person	Sale of commodities	Finished products	Market price	-	381.13	0.02%	0	No	Bank transfer or notes	0		
Zhejiang Sukean Pharmaceutical Co., Ltd.	Company controlled by related natural person	Sale of commodities	Finished products	Market price	-	15.42	0.00%	0	No	Bank transfer or notes	0		
Zhejiang Nanyang Pharmaceutical Sales Co., Ltd.	Company controlled by related natural person	Sale of commodities	Finished products	Market price	-	55.04	0.00%	0	No	Bank transfer or notes	0		
SEB INTERNATIONAL SERVICE S.A.S.	Same controlling shareholder with the controlling shareholder	Sale of commodities	Finished products	Contract price	-	91.89	0.00%	0	No	Bank transfer or notes	0		
SEB INTERNATIONAL	Same controlling shareholder with the	Sale of commodities	Accessories	Contract price	-	1,553.56	0.07%	0	No	Bank transfer or notes	0		

SERVICE S.A.S.	controlling shareholder												
ALL-CLAD METALC RAFTER S LLC	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	35.56	0.00%	0	No	Bank transfer or notes	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	13.99	0.00%	0	No	Bank transfer or notes	0		
LAGOSTINA S.P.A.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	134.76	0.01%	0	No	Bank transfer or notes	0		
GROUPE SEB CANADA	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	1,421.50	0.07%	0	No	Bank transfer or notes	0		
IMUSA USA LLC	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	803.29	0.04%	0	No	Bank transfer or notes	0		
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	50.00	0.00%	0	No	Bank transfer or notes	0		
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder	Sale of commodities	Finished products	Contract price	-	2,516.09	0.12%	0	No	Bank transfer or notes	0		
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	1.15	0.00%	0	No	Bank transfer or notes	0		
GROUPE SEB ANDEAN S.A.	Same controlling shareholder	Sale of commodities	Accessories	Contract price	-	86.54	0.00%	0	No	Bank transfer or notes	0		

Wuhan Anzai Cookware Co., Ltd.	Associated enterprise	Sale of commodities	Finished products	Contract price	-	15.13	0.00%	0	No	Bank transfer or notes	0		
Total				--	--	722,077.62	--	0	--	--	--	--	--
Details of large sales return				Not-applicable									
Actual implementation of estimated total amount of related transaction by category incurred during the period in the reporting period (if any)				In 2021, the annual daily related transaction amount between the Company and SEB as well as its related parties was estimated to be RMB 7,129,243,400 and the actual daily related transaction amount was RMB 6,953,887,900, decreasing by RMB 175,355,527. (References can be made to No.2021-018 Announcement on Estimated Annual Daily Related Transactions of 2021 disclosed on http://www.cninfo.com.cn and No.2021-069 Announcement on Increasing Estimated Quota of Annual Daily Related Transactions of 2021 on April 1, 2021 and October 27, 2021.									
Reason for the big difference between transacted price and market reference price (if applicable)				Not-applicable									

2. Related transactions from purchase and sales for assets or equity

☐ Applicable ☒ Not-applicable

There were no related transactions from purchase and sales for assets or equity in the reporting period.

3. Related transaction for co-investment abroad

☐ Applicable ☒ Not-applicable

There was no related transaction involving joint external investment during the reporting period.

4. Connected creditor's rights and debts

☐ Applicable ☒ Not-applicable

There were no related creditor's rights and debts in the reporting period

5. Dealings with associated financial companies

☐ Applicable ☒ Not-applicable

There was no deposit, loan, credit or other financial business between the Company and associated financial companies and their related parties.

6. Dealings between the financial companies controlled by the Company and their related parties

☐ Applicable ☒ Not-applicable

There was no deposit, loan, credit or other financial business between financial companies controlled by the Company and their related

parties.

7. Other important Related transactions

☐ Applicable ☒ Not-applicable

There were no significant related transactions in the reporting period.

XV. Significant contracts and performance

1. Custody, contracting, and leasing

(1) Custody

☐ Applicable ☒ Not-applicable

No custody was made in the reporting period.

(2) Contracting

☐ Applicable ☒ Not-applicable

No contracting was made in the reporting period.

(3) Leasing

☒ Applicable ☐ Not-applicable

Please refer to 14 "Right-of-use assets" and 26 "lease obligation" in section X "FINANCIAL STATEMENT" VII "Notes to items of consolidated financial statements".

The profit and loss brought to the company reaches more than 10% of the total profit of the company in the reporting period.

☐ Applicable ☒ Not-applicable

2. Important guarantee

☒ Applicable ☐ Not-applicable

Unit: RMB 10,000

External guarantee of the Company and its subsidiaries (excluding the guarantee to subsidiaries)										
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurring date	Actual guaranteed amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Fulfilled or not	Whether it is guaranteed by related parties
Supor's distributors who meet	January 22, 2021	26,416.50	July 2020 - December 2020	26,416.50	General guarantee; pledge	Cash	Yes	July 2020 - June 2021	Yes	No

certain conditions										
Supor's distributors who meet certain conditions	January 22, 2021	80,000.00	January 2021 - June 2021	35,190.19	General guarantee; pledge	Cash	Yes	January 2021 - December 2021	Yes	No
Supor's distributors who meet certain conditions	January 22, 2021	80,000.00	July 2021 - December 2021	38,324.72	General guarantee; pledge	Cash	Yes	July 2021 - June 2022	No	No
Total amount of external guarantee approved during the reporting period (A1)		80,000.00		Total actual amount of external guarantee during the reporting period (A2)					99,931.41	
Total amount of external guarantees approved at the end of the reporting period (A3)		106,416.50		Total actual external guarantee balance at the end of the reporting period (A4)					32,374.20	
Guarantee of the Company to subsidiaries										
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurring date	Actual guaranteed amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Fulfilled or not	Whether it is guaranteed by related parties
Zhejiang Shaoxing Supor Household Products Co., Ltd.	April 1, 2021	200,000.00	July 2021 - August 2021	26,600.00	General guarantee	None	None	July 2021 - February 2022	No	No
Total amount of guarantee approved for subsidiaries during the reporting period (B1)		300,000.00		Total actual amount of guarantee for subsidiaries during the reporting period (B2)					26,600.00	
Total approved guaranteed amount for subsidiaries at the end of the reporting		300,000.00		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)					26,600.00	

period (B3)										
Guarantee of subsidiaries to subsidiaries										
Name of guaranteed object	Disclosure date of announcement related to the guaranteed amount	Guaranteed amount	Actual occurring date	Actual guaranteed amount	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Fulfilled or not	Whether it is guaranteed by related parties
Zhejiang Shaoxing Supor Household Products Co., Ltd.	April 1, 2021	200,000.00	May 2021 - June 2021	21,357.00	General guarantee	None	None	May 2021 - December 2021	Yes	No
Zhejiang Shaoxing Supor Household Products Co., Ltd.	April 1, 2021	200,000.00	July 2021 - October 2021	8,417.50	General guarantee	None	None	July 2021 - April 2022	No	No
Total amount of guarantee approved for subsidiaries during the reporting period (C1)		0 Remark		Total actual amount of guarantee for subsidiaries during the reporting period (C2)		29,774.50				
Total approved guaranteed amount for subsidiaries at the end of the reporting period (C3)		0 Remark		Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)		8,417.50				
Total guaranteed amount of the Company (namely the total of the first three items)										
Total approved guaranteed amount during the reporting period (A1+B1+C1)		380,000.00		Total guaranteed actual amount during the reporting period (A2+B2+C2)		156,305.91				
Total approved guaranteed amount at the end of the reporting period (A3+B3+C3)		406,416.50		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)		67,391.70				
Proportion of the total amount of actual guarantee (i.e. A4+B4+C4) to the net assets of the Company				8.84%						
Including:										
Total guaranteed amount towards shareholders,				0						

actual controllers and related parties (D)	
Balance of debt guarantee directly or indirectly provided to the guaranteed object with an asset-liability ratio exceeding 70% (E)	35,017.50
Amount of the total guarantee exceeding 50% of the net assets (F)	0
Total amount of the above three guarantees (D+E+F)	35,017.50
Description of the guarantee liability occurred during the reporting period or there is evidence that it is possible to bear joint and several liability for settlement for the unexpired guarantee contract (if any)	None
Descriptions for external guarantee provided against the established procedures (if any)	None

Note: The 5th Session of the Seventh Board of Directors and the 2020 Annual General Meeting of Shareholders of the Company reviewed and passed the "Proposal on the Company's Guarantee to Its Wholly-owned Subsidiaries and Mutual Guarantee Between the Wholly-owned Subsidiaries, and agreed that the Company and its wholly-owned subsidiaries would provide guarantees up to RMB 3 billion for the wholly-owned subsidiaries in the year of 2021.

Specific description for using the composite guarantee situation

Not-applicable

3. Entrusting others for cash asset management

(1) Entrustment for financial management

☒ Applicable ☐ Not-applicable

Overview of entrusted financing in the reporting period

Unit: RMB 10,000

Specific type	Source of fund for entrusted financing	Amount incurred of entrusted financing	Undue balance	Overdue amount unclaimed	The amount of impairment accrued from overdue financial investment products
Bank financial products	Self-owned capital	22,000.00	18,000.00	0	0
Total		22,000.00	18,000.00	0	0

Specific situation of high-risk entrusted finance with significant single amount, low security and poor liquidity

☐ Applicable ☒ Not-applicable

Circumstances in which principal of entrusted financing may not be recovered or which may result in decrease in value:

☐ Applicable ☒ Not-applicable

(2) Entrustment for loan

☐ Applicable ☒ Not-applicable

No entrustment for loan was made in the reporting period.

4. Other important contracts

☐ Applicable ☒ Not-applicable

There were no other important contracts involved in the Company in the reporting period.

XVI. Introduction for Other Important Matters

☒ Applicable ☐ Not-applicable

The Final Judgment [(2021) ZMZ No.250] of Zhejiang Provincial Higher People's Court affirms that Zhejiang Bach Kitchenware Co., Ltd. fabricated and spread false facts, which was malicious in the subjective nature and constituted commercial slander to the Company, and thus should immediately cease the act of spreading or fabricating false or misleading information, pay a compensation of RMB 3 million to the Company, and publish a statement on Page A3 (full page) of Yangcheng Evening News, and the Kobath official website, Kobath official Weibo account, and official Wechat account of Kobach within the specified time limits to eliminate the adverse impact caused to the Company. Within the time limit specified in the judgment, Zhejiang Bach Kitchenware Co., Ltd. failed to fulfill the obligations determined by the judgment, and the Company applied for compulsory enforcement of the judgment to the Hangzhou Intermediate People's Court in accordance with the law. Zhejiang Bach Kitchenware Co., Ltd. completed the enforcement of the said judgment in July 2021.

XVII. Significant event of the Company's subsidiaries

☒ Applicable ☐ Not-applicable

The 7th Session of the Seventh Board of Directors held by the Company on June 16, 2021 reviewed and approved the Proposal on the Overall Relocation of Shanghai SEB Electric Appliance Co., Ltd., A Wholly-owned Subsidiary of the Company, as the Company planned to relocate the production line and supporting facilities of the wholly-owned subsidiary Shanghai SEB Electric Appliance Co., Ltd. in Shanghai to the Company's production bases in Shaoxing and Hangzhou, Zhejiang, in order to effectively integrate the production and manufacturing capacity of the Company's wholly-owned subsidiaries and further improve production efficiency. By the end of the reporting period, the planned relocation has been completed.

For detailed contents, see Announcement of the Overall Relocation of Shanghai SEB Electric Appliance Co., Ltd., A Wholly-owned Subsidiary of the Company disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on June 17, 2021.

SECTION VII CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS

I. Changes in Share Capital

1. Changes in share capital

Unit: share

	Before change		Increase/decrease in the period (+, -)					After change	
	Share number	Proportion	New shares	Shares bonus	Converted capital	Others	Subtotal	Share number	Proportion
I. Restricted outstanding shares	208,944,122	25.45%				- 208,095,558	- 208,095,558	848,564	0.10%
1. Shares held by the State	0	0.00%				0	0	0	0.00%
2. Shares held by state-owned legal entities	0	0.00%				0	0	0	0.00%
3. Shares held by other domestic investors	2,576,532	0.32%				- 1,727,968	- 1,727,968	848,564	0.10%
Including: Shares held by domestic legal entities	0	0.00%				0	0	0	0.00%
Shares held by domestic natural persons	2,576,532	0.32%				- 1,727,968	- 1,727,968	848,564	0.10%
4. Shares held by foreign investors	206,367,590	25.13%				- 206,367,590	- 206,367,590	0	0.00%
Including: Shares held by foreign legal entities	206,367,590	25.13%				- 206,367,590	- 206,367,590	0	0.00%
Shares held by foreign natural persons	0	0.00%				0	0	0	0.00%
II. Non-restricted outstanding shares	612,139,738	74.55%				195,690,174	195,690,174	807,829,912	99.90%
1. RMB common shares	612,139,738	74.55%				195,690,174	195,690,174	807,829,912	99.90%
2. Domestically listed foreign	0	0.00%				0	0	0	0.00%

shares									
3. Overseas listed foreign shares	0	0.00%				0	0	0	0.00%
4. Others	0	0.00%				0	0	0	0.00%
III. Total shares	821,083,860	100.00%				- 12,405,384	- 12,405,384	808,678,476	100.00%

Reasons for share capital change

√ Applicable □ Not-applicable

1. Top management of the Company unlocked 25% of the shares registered under their names on the last transaction date of the previous year.
2. The non-restricted tradable shares held by Mr. Su Mingrui, the former general manager, are automatically locked due to his dimission.
3. On April 30, 2021, the Company deregistered part of the repurchased public shares, totaling 4,211,199 shares. Upon the cancellation, the Company's total share capital decreased from 821,083,860 shares to 816,872,661 shares.
4. On July 1, 2021, totally 26,000 shares of restricted stock that have been granted to resigned incentive objects but have not been unlocked from restriction in 2017 restricted stock incentive plan were repurchased and cancelled. Upon the repurchase and cancellation, the Company's total share capital decreased from 816,872,661 to 816,846,661 shares.
5. On September 24, 2021, the Company deregistered part of the repurchased public shares, totaling 8,168,185 shares. Upon the cancellation, the Company's total share capital decreased from 816,846,661 shares to 808,678,476 shares.
6. On November 15, 2021, totally 199,000 shares of the Reserved Restricted Stock in the third unlock period under the 2017 Restricted Stock Incentive Plan were unlocked and circulated on the market.
7. On December 22, 2021, a total of 206,367,590 restricted shares held by the Company's controlling shareholders were lifted and listed for circulation.
8. On December 30, 2021, totally 1,430,200 shares of the Reserved Restricted Stock in the fourth unlock period under the 2017 Restricted Stock Incentive Plan were unlocked and circulated on the market.

Approval of change in stock

√ Applicable □ Not-applicable

1. The 14th Session of the Sixth Board of Directors of the Company and the Second Interim General Meeting of Shareholders in 2019 reviewed and passed the Proposal on Repurchasing Certain Public Shares. The Company planned to use its own funds to buy back its shares for the write-off and decrease of the registered capital and the implementation of equity incentives. The 2nd Session of the Seventh Board of Directors of the Company reviewed and passed the Proposal on Adjusting the Plan to Repurchase Certain Public Shares, and agreed to adjust the repurchase price of the related shares, the total amount of funds used for the repurchase and the implementation period of the share repurchase in the repurchase plan, so as to ensure successful completion of the repurchase plan. The Company's share repurchase plan was completed on April 7, 2021, and a total of 8,214,314 shares of the Company were repurchased by centralized competitive bidding transactions through the buyback special securities account, of which 4,211,199 shares were used to write off and decrease the registered capital. After confirmed by Shenzhen Branch of CSDCC, the Company completed cancellation of the above stocks on April 30, 2021.
2. On August 27, 2020, the 2nd Session of the Seventh Board of Directors reviewed and adopted Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of five Incentive Objects due to their resignation, the Company has decided to repurchase and cancel 26,000 shares of Restricted Stock at the price of RMB 1 per share. The repurchase and cancellation were approved upon deliberation by Annual General Meeting of Shareholders for 2020 Fiscal Year and totally 26,000 restricted stocks granted to these five resigned incentive objects that failed in reaching unlocking conditions were repurchased and cancelled. After confirmed by Shenzhen Branch of CSDCC, the Company completed repurchase and cancellation of the above restricted stocks on July

1, 2021.

3. The 6th Session of the Seventh Board of Directors of the Company and the Second Interim General Meeting of Shareholders in 2021 reviewed and passed the Proposal on Repurchasing Certain Public Shares. The Company planned to repurchase the Company's shares with self-owned capital for reducing registered capital. The Company's share repurchase plan was completed on September 10, 2021, and a total of 4,165,070 shares of the Company were repurchased by centralized competitive bidding transactions through the buyback special securities account. In addition, the 8th Session of the Seventh Board of Directors of the Company and the Second Interim General Meeting of Shareholders in 2021 reviewed and passed the Proposal on Changing the Purpose of Repurchased Shares, which planned to change the share repurchase plan of 2019 from "used to implement equity incentives" to "used to write off and decrease the registered capital", with a total of 4,003,115 shares written off. The abovementioned two share repurchase plans planned to write off a total of 8,168,185 shares of the Company. After confirmed by Shenzhen Branch of CSDCC, the Company completed cancellation of the above stocks on September 24, 2021.

4. According to the Proposal on Unlocking of Restricted Stock within the Fourth Unlock Period and the Reserved Restricted Stock within the Third Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 5th Session of the Seventh Board of Directors held on March 31, 2021, agreeing to unlock the Restricted Stock for 204 qualified Incentive Objects in the fourth unlock period as well as unlock Reserved Restricted Stock in the third unlock period. Totally 1,629,200 shares of restricted stock will be unlocked, in which the Restricted Stock unlocked during the fourth unlock period is 1,430,200 shares and Reserved Restricted Stock unlocked during the third unlock period is 199,000 shares. The Restricted Stock in the fourth unlock period was listed on December 30, 2021, and the Reserved Restricted Stock in the third unlock period was listed on November 15, 2021.

5. The shares sales restriction period promised in the Acquisition Report signed by and the Announcement on Additional Commitment of Shareholders issued by SEB Internationale, the Company's controlling shareholder on October 19, 2011 and July 5, 2012 respectively has expired, and after confirmed by Shenzhen Branch of CSDCC, the shares corresponding to the said sales restriction period had been lifted and listed for circulation on December 22, 2021.

Transfer of shares changed

☐ Applicable ☒ Not-applicable

Influence of shares change on basic earnings per share and diluted earnings per share in latest year and period, net assets per share owned by the Company's ordinary shareholder and other financial indexes.

☒ Applicable ☐ Not-applicable

Since tiny influence on basic EPS and diluted EPS, the 12,379,384 restricted shares repurchased and cancelled in this period generate no effect on other financial indicators (e.g. net assets per share belonging to the Company's common stockholder).

The other contents the company thinks fit to disclose or the securities regulatory authority requires to disclose

☐ Applicable ☒ Not-applicable

2. Changes of restricted stock

☒ Applicable ☐ Not-applicable

Unit: share

Name	Restricted outstanding stocks at year-begin	Restricted outstanding stocks increased in current period	Restricted outstanding stocks unlocked in current period	Restricted outstanding stocks the end of the period	Restriction reason	Date of unlocking restriction
SEB	206,367,590	0	206,367,590	0	Restricted strategic	December 22, 2021

INTERNATIONAL S.A.S					investment shares	
Su Xianze	648,182	0	162,046	486,136	Locked stocks of top management	Unlocking 25% of the shares registered under his name on the last transaction date of the previous year.
Xu Bo	160,062	71,588	57,913	173,737	Locked stocks of top management	Unlocking 25% of the shares registered under his name on the last transaction date of the previous year.
Ye Jide	41,588	28,000	17,397	52,191	Locked stocks of top management	Unlocking 25% of the shares registered under his name on the last transaction date of the previous year.
Su Ming-Jui	71,500	156,000	91,000	136,500	Locked stocks of top management	Before November 19, 2023, 25% of the total shares can be lifted each year, and all shares held will be lifted after November 19, 2023.
Incentive objects of 2017 Equity Incentive Plan	1,655,200	0	1,655,200	0	26,000 shares of restricted stock were repurchased and cancelled in consideration that parts of incentive objects resigned.	Under the 2017 Equity Incentive Plan, 1,430,200 restricted stocks unlockable in the fourth unlock period on December 30, 2021, and 199,000 shares of Reserved Restricted Stock that can be unlocked in the third unlock period were listed and circulated on November 15, 2021.
Total	208,944,122	255,588	208,351,146	848,564	--	--

II. Security Offering and Listing Information

1. Security offering (excluding preferred share) in the reporting period

☐ Applicable ☒ Not-applicable

2. Total shares of the Company, change of shareholder structure, and changes of the Company's assets and liabilities structure

☒ Applicable ☐ Not-applicable

During the reporting period, the Company wrote off and deregistered the restricted shares granted to the demission incentive

objects of the 2017 Restricted Stock Incentive Plan, and wrote off the repurchased social shares, totaling 12,405,384 shares. Upon the repurchase and cancellation, the Company's total share capital decreased from 821,083,860 to 808,678,476 shares.

3. Staff shares

☐ Applicable ☒ Not-applicable

III. Shareholders and the Actual Controller

1. Number of shareholders of the Company and share-holding conditions

Unit: share

Total number of common shareholders at the end of the reporting period	18,112	Number of common shareholders at the end of last month before the disclosure date of the annual report	19,499	Total number of preferred shareholder whose voting right is recovered at the end of reporting period (if any) (refer to Note 8)	0	Total number of preferred shareholders with restored voting right at the end of last month before the disclosure date of the annual report (if any) (see Note 8)	0	
Information on shareholders holding more than 5% shares or information on top 10 shareholders								
Name	Nature	Shareholding ratio	Number of shares held at the end of the reporting period	Increase/decrease in the reporting period	Number of restricted shares	Number of non-restricted outstanding shares	Pledge, marking or freezing	
							Status of share	Share number
SEB INTERNATIONALE S.A.S	Foreign legal entity	82.44%	666,681,904	0	0	666,681,904		
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	7.97%	64,468,384	19,337,671	0	64,468,384		
BNP Paribas - Own funds	Foreign legal entity	0.56%	4,541,981	-632,517	0	4,541,981		
Fidelity Mutual Fund & Investment Management - customers' capital	Foreign legal entity	0.47%	3,794,722	1,167,700	0	3,794,722		
Guotai Junan Securities Asset Management - China Construction Bank - Guotai Junan Jundexin Two-year Holding Hybrid Collective	Others	0.40%	3,195,498	3,195,498	0	3,195,498		

Asset Management Plan								
E-Fund Management Co., Ltd. - Social Security Fund No. 1104 Portfolio	Others	0.29%	2,377,300	-3,322,768	0	2,377,300		
ABC - First Seafront Chinese Scarce Assets Flexible Allocation Hybrid Securities Investment Fund	Others	0.26%	2,090,788	2,090,788	0	2,090,788		
Industrial and Commercial Bank of China Limited - First Seafront National Comparative Advantage Flexible Allocation Hybrid Securities Investment Fund	Others	0.22%	1,740,684	1,740,684	0	1,740,684		
Industrial and Commercial Bank of China Limited - Sino-European Value Smart Return Hybrid Securities Investment Fund	Others	0.16%	1,320,047	1,320,047	0	1,320,047		
Industrial and Commercial Bank of China - Hua'an Anxin Consumer Services Stock-based Securities Investment Fund	Others	0.13%	1,047,801	1,047,801	0	1,047,801		
Strategic investor or general corporate investor who becomes top 10 shareholder as a result of rights issue (if any) (see Note 3)		None						
Description on the above-mentioned shareholder relationships or concerted actions		AB - First Seafront Chinese Scarce Assets Flexible Allocation Hybrid Securities Investment Fund, and Industrial and Commercial Bank of China Limited - First Seafront National Comparative Advantage Flexible Allocation Hybrid Securities Investment Fund, both are run by the First Seafront Fund. It is unknown whether other shareholders are associated with each other, and whether they are persons acting in concert as stipulated in the Measures for the Administration of the Acquisition of Listed Companies.						
Description of the above shareholders on entrusting/entrusted voting rights and abstaining from voting rights		None						
Special instructions on the existence of repurchase special accounts of the top 10 shareholders (if any) (see Note 10)		At the end of the reporting period, the Company held a total of 1,209,500 shares in the repurchase special securities account.						
Shareholdings of top 10 shareholders holding non-restricted shares								

Name	Number of non-restricted outstanding shares held at the end of the reporting period	Type of share	
		Type of share	Share number
SEB INTERNATIONALE S.A.S	666,681,904	RMB common share	666,681,904
Hong Kong Securities Clearing Company Ltd.	64,468,384	RMB common share	64,468,384
BNP Paribas - Own funds	4,541,981	RMB common share	4,541,981
Fidelity Mutual Fund & Investment Management - customers' capital	3,794,722	RMB common share	3,794,722
Guotai Junan Securities Asset Management - China Construction Bank - Guotai Junan Jundexin Two-year Holding Hybrid Collective Asset Management Plan	3,195,498	RMB common share	3,195,498
E-Fund Management Co., Ltd. - Social Security Fund No. 1104 Portfolio	2,377,300	RMB common share	2,377,300
ABC - First Seafront Chinese Scarce Assets Flexible Allocation Hybrid Securities Investment Fund	2,090,788	RMB common share	2,090,788
Industrial and Commercial Bank of China Limited - First Seafront National Comparative Advantage Flexible Allocation Hybrid Securities Investment Fund	1,740,684	RMB common share	1,740,684
Industrial and Commercial Bank of China Limited - Sino-European Value Smart Return Hybrid Securities Investment Fund	1,320,047	RMB common share	1,320,047
Industrial and Commercial Bank of China - Hua'an Anxin Consumer Services Stock-based Securities Investment Fund	1,047,801	RMB common share	1,047,801
Connected relationship or concerted parties among the top 10 shareholders holding non-restricted outstanding shares, and between the top 10 shareholders holding non-restricted outstanding shares and top 10 shareholders	Same as above		
Information on top 10 common shareholders involved in securities margin trading business (if any) (see Note 4)	None		

Did the top 10 common shareholders and the top 10 common shareholders holding non-restricted shares conduct the agreed repurchase transaction during the reporting period?

☐ Yes ☒ No

The top 10 common shareholders and the top 10 common shareholders holding non-restricted shares did not conduct the agreed repurchase transaction during the reporting period.

2. The controlling shareholder

Property of controlling shareholder: foreign-controlled shareholding

Type of controlling shareholder: legal entity

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Organization code	Main business
SEB INTERNATIONALE S.A.S	Thierry de LA TOUR D'ARTAISE	December 26, 1978	None	Financial participation for all kinds of French and overseas enterprises, i.e., purchasing and subscribing stock, bond, share and interests, securities and negotiable securities, transfer of such securities, participation in all financial activities related to the aforesaid financial participation, purchasing, manufacturing and sales of all kinds of household devices for the purpose of marketing and involvement in related service; all activities for helping realize the Company's operation either directly or indirectly, particularly the activities in personal estate, real estate, finance, commerce and industrial field.
Shareholding of other overseas listed companies by the Company's controlling shareholder in the reporting period	None			

Change of controlling shareholder in the reporting period

☐ Applicable ☒ Not-applicable

No change of controlling shareholder occurred in the reporting period.

3. Actual controller and persons acting in concert

Property of actual controller: other foreign organization

Type of actual controller: legal entity

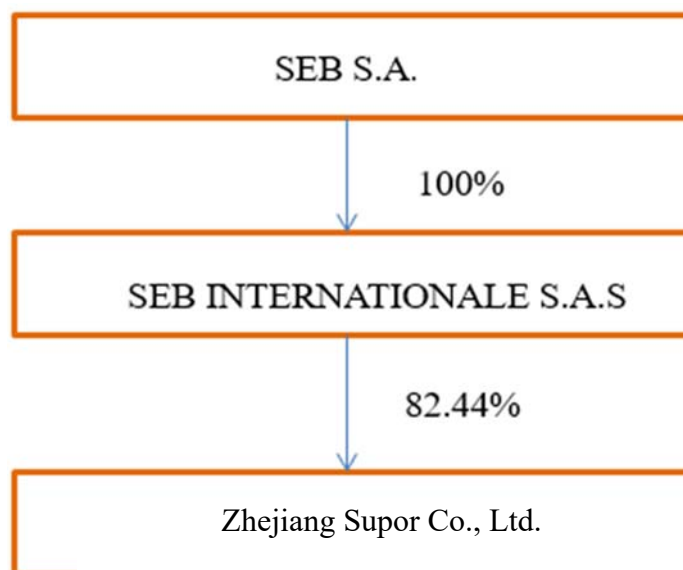
Name of the actual controller	Legal representative/person in charge	Date of establishment	Organization code	Main business
SEB S.A.	Thierry de LA TOUR D'ARTAISE	December 28, 1973	None	Holding or equity participation and management for various enterprises
Holding of other overseas listed companies by the Company's actual controller in the reporting period	None			

Change of actual controller in the reporting period

☐ Applicable ☒ Not-applicable

No change of actual controller occurred in the reporting period.

Property right and controlling relationship diagram between the Company and the actual controller



Actual controller controlling the Company by trust or other assets management types

☐ Applicable ☒ Not-applicable

4. The number of shares accumulatively pledged by the controlling shareholder or first majority shareholder of the Company and its persons acting in concert account for 80% of the total number of shares held by it or them.

☐ Applicable ☒ Not-applicable

5. Other corporate shareholders holding more than 10% shares

☐ Applicable ☒ Not-applicable

6. Share restriction reduction of commitment subjects such as controlling shareholder, actual controller and the restructuring party

☐ Applicable ☒ Not-applicable

IV. Specific implementation of share repurchase during the reporting period

Progress in the implementation of share repurchase

☒ Applicable ☐ Not-applicable

Plan disclosure time	Number of shares to be repurchased	Proportion to total share capital	Proposed amount of repurchase	Proposed repurchase period	Repurchase purpose	Number of shares already	The proportion of the number of shares
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						repurchased (shares)	repurchased to the underlying shares involved in the equity incentive plan (if any)
August 28, 2020	4,105,600 shares 8,211,199 shares	- 0.5%-1%	RMB 746,972,800 - RMB 373,486,400	Expired on September 22, 2021	Write-off and decrease of the registered capital	8,214,314	0.00%
April 23, 2021	4,084,233 shares 8,168,466 shares	- 0.5%-1%	RMB 635,506,600 - RMB 317,753,300	Expired on May 11, 2022	Write-off and decrease of the registered capital	4,165,070	0.00%
December 14, 2021	1,209,500 shares	0.15%	RMB 81,859,000	Expired on June 13, 2022	Implementation of Restricted Stock Incentive Plan	1,209,500	100.00%

Progress in the reduction of shareholding of repurchased shares through auction

☐ Applicable ☒ Not-applicable

SECTION VIII INFORMATION ON PREFERRED SHARE

☐ Applicable ☒ Not-applicable

No preferred share existed in the reporting period.

SECTION IX BONDS

☐ Applicable ☒ Not-applicable

SECTION X FINANCIAL STATEMENT

I. Audit report

Type of audit opinion	Standard opinions with no reservation
Date of signature of audit report	March 31, 2022
Name of audit organization	KPMG Huazhen LLP (Special General Partnership)
Audit report document No.	KPMG Huazhen Shenzi No.2203346
Name of certified public accountants	Huang Feng, Jin Yang

Main Text of Audit Report

All shareholders of Zhejiang Supor Co., Ltd.,

I. Audit opinions

We audited the attached financial statements of Zhejiang Supor Co., Ltd. (hereinafter referred to as "Supor"), including the consolidated and parent company balance sheet as of December 31, 2021, and the consolidated and parent company income statement, consolidated and parent company cash flow statement, consolidated and parent company statement of changes in shareholders' equities and notes to relevant financial statements in 2021.

We think that the attached financial statements have been prepared in accordance with the provisions of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as "Accounting Standards for Business Enterprises") in all major aspects, and fairly reflect Supor's consolidated and parent company financial condition as of December 31, 2021, as well as the consolidated and parent company operating results and cash flows in 2021.

II. Basis of forming audit opinions

We implemented our audit work strictly according to the stipulations of Auditing Standard for Chinese Certified Public Accountants (hereinafter referred to as "Auditing Standard"). The content of "Responsibility of certified public accountant for financial statement audit" in the Audit Report further describes our responsibility under these standards. According to the Codes of Professional Ethics for Certified Public Accountants in China, we are independent of Supor, and we have fulfilled the other responsibilities on the aspects of professional ethics. We believe the audit evidences acquired by us are sufficient and appropriate, and provide a basis for expressing our audit opinions.

III. Key audit items

The key audit items are from our professional judgment; from our perspective, the key audit items are most important to the financial statement audit in the current period. The key audit items will be audited under the background that the financial statement will be wholly audited to form audit opinions; we do not express independent opinions on these items. We confirm that the following items are key audit items to be discussed in the audit report.

(I) Revenue recognition

Please refer to the accounting policies described in Note 26 to "V. Important Accounting Policies and Estimates" and Note 35 to "VII. Notes to items of consolidated financial statements" (Notes to the financial statements)	
Key audit items	Countermeasures
<p>Supor and its subsidiaries (hereinafter referred to as "SUPOR") are mainly engaged in the R&D, production and distribution of kitchen utensils, stainless steel products, daily hardware, small domestic appliances and cookware; its products are cookware and small domestic appliances. In 2021, the operating income of Supor is RMB 21,585,331,407.47, of which the revenue of domestic sales is RMB 14,259,688,624.49 and the revenue of export sales is RMB 7,325,642,782.98.</p> <p>Supor recognizes the revenue when the control right of relevant commodity is transferred to the customer. Supor assesses the contract and business arrangement of the customer, and recognizes the commodity sales revenue after such commodity has left Supor's own warehouse or its specified warehouse, or such commodity has been delivered to the customer with the acceptance receipt issued, or such commodity has been delivered on board to the sea transport carrier with the customs declaration for export and bill of lading obtained.</p> <p>As revenue is a KPI, and Supor has announced the Restricted Stock Incentive Plan in 2017 and 2021 with performance appraisal target as a premise for lifting the sales limitation, there is the risk that the management manipulates the revenue for realizing the performance target. Therefore, we include the conformation and recognition of Supor's revenue as key auditing items.</p>	<p>The audit procedures related to revenue recognition include the following:</p> <ul style="list-style-type: none"> • Understand and evaluate the design and operation effectiveness of key internal control related to the revenue recognition made by the management; • Select sales contracts, check major terms governing the transfer of commodity control right, and review if the accounting policies for Supor revenue recognition is in conformity with the requirements in Accounting Standards for Business Enterprises; Check if there are abnormal trading terms and conditions that indicate potential undisclosed relations or transactions with related parties; • Use data analysis tools on Supor's transaction information to identify those with abnormal revenues and check if there are any potential undisclosed relations or major transactions with related parties; • Select major third-party customers and use enterprise information query tool on their background information to identify if they have any relation with Supor; • Select transactions of which the revenues are recorded in the year, and refer to supporting documents such as the orders, invoices, packing lists, receipts of acceptance, customs clearances for export and bills of lading to check if the recognition of corresponding revenues is done according to Supor accounting policies for revenue recognition; • Based on audit sampling, carry out the external confirmation procedure for the balance of accounts receivable of relevant customers on the balance sheet date and the amount of sales transactions in the current year; • Select transactions of which the revenue is accrued around the date of the balance sheet, and refer to supporting documents such as the packing lists, bills of lading or receipts of the goods to check if the revenue is included in the right accounting period; • Check whether there are sales returns following the balance sheet date, and check the relevant supporting documents (if applicable) for significant sales returns, so as to evaluate whether the revenue is recorded in the appropriate accounting period; and • Select revenue-related entries in the current year that meet specific risk criteria, inquire the management about the reasons for making these entries, and review relevant supporting documents.

IV. Other information

The management of Supor is responsible for other information. Other information includes the information covered by the 2021 Annual Report, but excludes the financial statement and our audit report.

Our audit opinions on financial statement do not cover other information, and we do not express any authentication conclusions

on other information.

Integrated with our audit on financial statement, our responsibility is to read other information. In this process, we consider whether the other information is significantly different from the information we will acquire from our audit or whether the other information has significant error.

Based on the work we have already executed, if we confirm the other information has significant error, we should report the fact. On this aspect, we do not need to report any items.

V. Responsibilities of management and governance on financial statement

The management of Supor (hereinafter referred to as the "management") is responsible for preparing financial statement according to the stipulations of Accounting Standards for Business Enterprises to enable fair presentation, and designing, executing and maintaining the required internal control to keep the financial statement free of material misstatement caused by fraudulent practice or error.

When preparing the financial statement, the management is responsible for evaluating the sustainable operation ability of Supor, disclosing the items related to sustainable operation (if any), and using going-concern assumption. Unless otherwise that Supor plans to liquidate, terminates its operation or has no other realistic choice.

The governance is responsible for supervising the financial statement process of Supor.

VI. Responsibility of certified public accountant for financial statement audit

Our objective is to acquire rational guarantee for keeping the financial statement free of material misstatement caused by fraudulent practice or error and providing the audit report containing audit opinions. The rational guarantee is a high-level guarantee, but it cannot guarantee that a materials misstatement can be found if it exists when we audit according to the auditing standard. The misstatement may be caused by fraudulent practice or error. If a single or summarized rational expectation on misstatement may cause certain influence when financial statement user makes economic decision in accordance with the financial statement, the misstatement will be deemed as "significant".

In the process of our audit according to the auditing standards, we used our professional judgment and retained our professional skepticism. Meanwhile, we executed the following work:

1) Identify and evaluate material misstatement risk of financial statement caused by fraudulent practice or error, design and implement audit procedures to cope with these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. A fraudulent practice may involve in collusion, counterfeit, deliberate omission, false statement or may be above the internal control, so the risk that material misstatement caused by fraudulent practice may not be found is higher than the risk that material misstatement caused by error may not be found.

2) Learn internal control related to the audit for the purpose of designing proper audit procedures.

3) Evaluate the appropriateness of the accounting policy selected by management and the rationality of the accounting estimate and related disclosure made by the management.

4) Make conclusion for the appropriateness of the going-concern assumption used by management. Meanwhile, make conclusions for the one whether there is significant uncertainty in the issue or item which may result in substantive doubt on the sustainable operation ability of Supor in accordance with the acquired audit evidences. If our conclusion thinks that there is significant uncertainty, the auditing standard requires us to remind financial statement user in our audit report of paying attention to the related disclosure in the financial statement. If the disclosure is not sufficient, we should present modified audit report. Our conclusion is based on the information that is available by the audit report date. However future issue or circumstance may result in unsustainable operation to Supor.

5) Evaluate the overall presentation (including disclosure), structure and contents of financial statement, and evaluate whether financial statement presents related transactions and items fairly.

6) Acquire sufficient and appropriate audit evidences for financial information of entity activity or business activity of Supor, and express opinions on audit financial statement. We are responsible for guiding, supervising and executing the audit of the Group, and bear full responsibility for audit opinions.

We communicated audit scope, time schedule and significant audit finding and other issues with governance, including the internal control defect that is worthy of noting in the audit process.

We have provided a declaration to the governance that we have abided by the professional ethics requirements related to independency, and have communicated with the governance all relationships and other issues those are thought to affect our independency, as well as the related precautionary measures (if applicable).

In the issue we communicated with the governance, we determined which issues are most important to the financial statement audit in the current period, so which constitutes the key audit items. We described these items in our audit report, unless otherwise these items are prohibited to openly disclose by law and regulation, or under few circumstances, if according to an rational expectation, when negative consequence of communicating an issue in the audit report may exceed its benefit on the aspect of public benefit, we confirm that we will not communicate the issue in our audit report.

KPMG Huazhen LLP (Special General Partnership)

Chinese certified public accountant:

(Project partner): _____

Huang Feng

Beijing, China

Chinese certified public accountant: _____

Jin Yang

March 31, 2022

II. Financial statement

Unit of statement in notes to financial statement: RMB

1. Consolidated balance sheet

Compiled by: Zhejiang Supor Co., Ltd.

December 31, 2021

Unit: RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary capital	2,654,052,417.47	1,719,785,919.04
Settlement reserve		
Loans to other banks		
Transactional financial assets	180,312,742.31	115,992,105.03
Derivative financial assets		
Notes receivable	54,879,357.24	245,053,093.69
Accounts receivable	2,716,945,985.33	2,228,302,318.44
Receivables financing	3,312,225.62	321,162,886.99
Advance payment	385,367,862.85	179,491,969.23
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	12,159,756.67	40,164,877.32
Including: interest receivable		
Dividend receivable		
Reverse-REPO financial assets		
Inventories	3,096,517,055.33	2,409,298,690.29
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	2,055,027,382.63	2,857,567,546.59
Total current assets	11,158,574,785.45	10,116,819,406.62
Non-current assets:		
Loans and advances granted		
Debt investment		

Other debt investments	298,191,205.49	
Long-term receivables		
Long-term equity investment	65,600,611.64	64,448,318.46
Other equity instrument investments		
Other non-current financial assets		
Investment properties		
Fixed assets	1,291,902,992.54	1,228,535,067.85
Construction in progress	26,482,779.31	47,175,324.72
Productive biological assets		
Oil and gas assets		
Right-of-use assets	195,528,644.13	
Intangible assets	452,200,863.39	461,801,363.50
Development expenditures		
Goodwill		
Long-term unamortized expenses		1,621,068.83
Deferred income tax assets	410,974,540.21	371,869,834.73
Other non-current assets		
Total non-current assets	2,740,881,636.71	2,175,450,978.09
Total assets	13,899,456,422.16	12,292,270,384.71
Current liabilities:		
Short-term borrowings		
Central bank loan		
Loans from others		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	500,250,000.00	
Accounts payable	3,769,700,826.50	3,252,438,690.98
Advances received		
Contract liabilities	893,741,863.21	850,983,303.37
Proceeds from sale of repurchase financial assets		
Deposit taken and interbank deposit		
Proceeds from security transaction agency		
Proceeds from security underwriting agency		
Employee remuneration payable	321,692,953.88	311,346,204.07

Taxes payable	254,094,791.55	170,298,793.36
Other payables	110,605,272.21	94,521,442.67
Including: interest payable		
Dividend payable		
Handling fee and commission payable		
Reinsurance accounts payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	29,191,343.78	
Other current liabilities	189,810,383.37	356,888,937.14
Total current liabilities	6,069,087,434.50	5,036,477,371.59
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preferred share		
Perpetual bond		
Lease obligation	157,420,210.81	
Long-term payables		
Long-term employee remuneration payable	1,903,631.69	2,611,773.09
Estimated liabilities	12,737,298.24	15,150,000.00
Deferred incomes		
Deferred income tax liabilities		1,307,250.00
Other non-current liabilities		
Total non-current liabilities	172,061,140.74	19,069,023.09
Total liabilities	6,241,148,575.24	5,055,546,394.68
Owners' equities:		
Share capital	808,678,476.00	821,083,860.00
Other equity instruments		
Including: Preferred share		
Perpetual bond		
Capital reserves	122,970,340.27	226,859,041.81
Minus: treasury share	76,159,897.25	412,206,786.34
Other comprehensive incomes	-41,522,541.60	-39,031,832.57
Special reserve		

Surplus reserve	356,924,811.32	401,648,181.64
General risk reserve		
Undistributed profit	6,451,748,564.12	6,202,587,444.38
Total owners' equities belonging to parent company	7,622,639,752.86	7,200,939,908.92
Minority shareholders' equities	35,668,094.06	35,784,081.11
Total owners' equities	7,658,307,846.92	7,236,723,990.03
Total liabilities and owners' equities	13,899,456,422.16	12,292,270,384.71

Legal representative: Thierry de LA TOUR D'ARTAISE Person in charge of accounting: Xu Bo Person in charge of accounting department: Xu Bo

2. Balance sheet of parent company

Unit: RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary capital	800,923,960.55	231,835,282.92
Transactional financial assets	100,147,324.89	
Derivative financial assets		
Notes receivable	2,997,000.00	
Accounts receivable	742,333,802.03	510,885,126.45
Receivables financing		900,000.00
Advance payment	63,620,742.54	38,361,493.94
Other receivables	1,845,295,351.20	1,150,442,198.95
Including: interest receivable		
Dividend receivable		925,000,000.00
Inventories	240,622,374.15	194,675,071.48
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	1,889,046,917.63	2,213,511,482.40
Total current assets	5,684,987,472.99	4,340,610,656.14
Non-current assets:		
Debt investment		
Other debt investments	194,975,863.02	
Long-term receivables		

Long-term equity investment	3,013,961,596.02	3,008,554,335.68
Other equity instrument investments		
Other non-current financial assets		
Investment properties		
Fixed assets	151,228,257.41	166,649,151.50
Construction in progress	12,559,947.93	1,766,027.25
Productive biological assets		
Oil and gas assets		
Right-of-use assets	3,363,931.38	
Intangible assets	83,723,923.89	86,662,225.85
Development expenditures		
Goodwill		
Long-term unamortized expenses		
Deferred income tax assets	14,878,870.52	15,677,698.08
Other non-current assets		
Total non-current assets	3,474,692,390.17	3,279,309,438.36
Total assets	9,159,679,863.16	7,619,920,094.50
Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	193,367,234.90	274,242,165.79
Advances received		
Contract liabilities	1,510,782.40	11,023,695.88
Employee remuneration payable	56,501,055.35	60,005,114.93
Taxes payable	31,587,253.36	27,034,245.54
Other payables	2,355,630,738.97	4,504,048,304.12
Including: interest payable		
Dividend payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	289,557.95	
Other current liabilities	3,038,481.86	1,433,080.47
Total current liabilities	2,641,925,104.79	4,877,786,606.73

Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred share		
Perpetual bond		
Lease obligation	2,494,235.39	
Long-term payables		
Long-term employee remuneration payable	193,670.03	235,263.62
Estimated liabilities		
Deferred incomes		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	2,687,905.42	235,263.62
Total liabilities	2,644,613,010.21	4,878,021,870.35
Owners' equities:		
Share capital	808,678,476.00	821,083,860.00
Other equity instruments		
Including: Preferred share		
Perpetual bond		
Capital reserves	236,901,053.81	666,767,326.32
Minus: treasury share	76,159,897.25	412,206,786.34
Other comprehensive incomes		
Special reserve		
Surplus reserve	404,339,238.00	410,621,980.00
Undistributed profit	5,141,307,982.39	1,255,631,844.17
Total owners' equities	6,515,066,852.95	2,741,898,224.15
Total liabilities and owners' equities	9,159,679,863.16	7,619,920,094.50

3. Consolidated profit statement

Unit: RMB

Item	2021	2020
I. Total operating income	21,585,331,407.47	18,596,944,289.02
Including: Operating income	21,585,331,407.47	18,596,944,289.02
Interest revenues		

Premium earned		
Revenue from handling fees and commission		
II .Total operating cost	19,469,391,130.25	16,660,790,620.47
Including: Operating cost	16,621,613,160.80	13,683,276,324.31
Interest expense		
Expense for handling fee and commission		
Surrender value		
Net payments for insurance claims		
Net amount of withdrawn reserve fund for insured liability		
Policy dividend expenditures		
Reinsurance expenses		
Taxes and surcharges	93,417,055.89	103,340,200.02
Sales expenses	1,909,953,095.54	2,123,746,792.97
Administrative expenses	400,779,608.67	317,729,288.60
R&D expenses	450,110,510.51	441,725,804.62
Financial expenses	-6,482,301.16	-9,027,790.05
Including: interest expenses	10,076,904.44	127,947.18
Interest revenues	32,337,493.71	30,205,969.81
Plus: other incomes	202,864,580.37	203,922,580.03
Investment income ("-" for loss)	90,885,851.42	64,142,781.87
Including: investment income on associated enterprise and joint venture	1,378,149.04	2,317,080.57
Income from derecognition of financial assets measured by amortized cost		
Exchange earning ("-" for loss)		
Net exposure hedging gains ("-" for loss)		
Gains from changes in fair value ("-" for loss)	312,742.31	27,066,318.10
Credit impairment loss ("-" for loss)	-10,395,445.48	-17,647,041.16
Asset impairment loss ("-" for loss)	-14,390,694.58	-15,906,888.84
Assets disposal income ("-" for loss)	-105,379.68	-652,216.55
III. Operating profit ("-" for loss)	2,385,111,931.58	2,197,079,202.00
Plus: Non-operating income	13,899,290.93	18,589,799.80
Minus: Non-operating expense	13,229,643.55	15,350,304.64
IV. Total profit ("-" for total loss)	2,385,781,578.96	2,200,318,697.16
Minus: Income tax expenses	444,410,051.07	357,693,934.42
V. Net profit ("-" for net loss)	1,941,371,527.89	1,842,624,762.74

(I) By business continuity		
1. Net profit under continuing operating ("-" for net loss)	1,941,371,527.89	1,842,624,762.74
2. Net profit under discontinuing operation ("-" for net loss)		
(II) By ownership		
1. Net profit belonging to the shareholders of parent company	1,943,943,608.94	1,846,221,538.10
2. Minority shareholders' profit and loss	-2,572,081.05	-3,596,775.36
VI. After-tax net amount of other comprehensive income	-2,741,304.66	-19,142,685.49
After-tax net amount of other comprehensive income belonging to the owners of parent company	-2,490,709.03	-18,718,386.37
(I) Other comprehensive incomes that cannot be reclassified into profit and loss		
1. Remeasured amount of changes in defined benefit plan		
2. Other comprehensive income that cannot be transferred to gain and loss under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive incomes to be reclassified into the profit and loss	-2,490,709.03	-18,718,386.37
1. Other comprehensive income that can be transferred to gain and loss under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Cash flow hedging reserve		
6. Conversion difference in foreign currency financial statement	-2,490,709.03	-18,718,386.37
7. Others		
After-tax net amount of other comprehensive income belonging to minority shareholder	-250,595.63	-424,299.12
VII. Total comprehensive income	1,938,630,223.23	1,823,482,077.25
Total comprehensive income attributed to owners of parent company	1,941,452,899.91	1,827,503,151.73
Total comprehensive income attributed to minority shareholders	-2,822,676.68	-4,021,074.48
VIII. Earnings per share:		
(I) Basic earnings per share (EPS)	2.400	2.264
(II) Diluted earnings per share (EPS)	2.395	2.261

If the enterprise under the same control is merged, the net profit realized by the merged party before merger was RMB 0, and the net profit realized by the merged party during the prior period was RMB 0.

Legal representative: Thierry de LA TOUR D'ARTAISE Person in charge of accounting: Xu Bo Person in charge of accounting department: Xu Bo

4. Profit statement of parent company

Unit: RMB

Item	2021	2020
I. Operating income	2,828,495,059.23	2,328,692,665.30
Minus: Operating cost	2,460,726,672.24	1,788,950,930.23
Taxes and surcharges	8,125,567.64	12,893,094.91
Sales expenses	28,094,636.49	56,735,212.31
Administrative expenses	126,191,995.70	102,485,050.52
R&D expenses	41,388,785.70	78,143,950.08
Financial expenses	21,771,525.71	41,735,640.57
Including: interest expenses	44,798,990.86	38,706,446.78
Interest revenues	28,257,409.42	12,178,460.84
Plus: other incomes	17,976,444.49	23,337,390.21
Investment income ("-" for loss)	5,184,243,462.90	1,012,703,807.54
Including: investment income on associated enterprise and joint venture	1,378,149.04	2,317,080.57
Income from derecognition of financial assets measured by amortized cost ("-" for loss)		
Net exposure hedging gains ("-" for loss)		
Gains from changes in fair value ("-" for loss)	147,324.89	14,855,182.58
Credit impairment loss ("-" for loss)	-8,640,871.69	-4,784,437.68
Asset impairment loss ("-" for loss)	-784,245.11	-615,383.65
Assets disposal income ("-" for loss)	-134,581.34	-71,023.65
II. Operating profit ("-" for loss)	5,335,003,409.89	1,293,174,322.03
Plus: Non-operating income	4,477,220.31	1,973,707.92
Minus: Non-operating expense	2,731,331.51	3,958,610.17
III. Total profit ("-" for total loss)	5,336,749,298.69	1,291,189,419.78
Minus: Income tax expenses	45,546,634.81	48,753,940.03
IV. Net profit ("-" for net loss)	5,291,202,663.88	1,242,435,479.75
(I) Net profit under continuing operating ("-" for net loss)	5,291,202,663.88	1,242,435,479.75
(II) Net profit under discontinuing operation ("-" for net loss)		
V. After-tax net amount of other comprehensive income		
(I) Other comprehensive incomes that cannot be reclassified into profit and loss		

1. Remeasured amount of changes in defined benefit plan		
2. Other comprehensive income that cannot be transferred to gain and loss under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive incomes to be reclassified into the profit and loss		
1. Other comprehensive income that can be transferred to gain and loss under the equity method		
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Cash flow hedging reserve		
6. Conversion difference in foreign currency financial statement		
7. Others		
VI. Total comprehensive income	5,291,202,663.88	1,242,435,479.75
VII. Earnings per share:		
(I) Basic earnings per share (EPS)		
(II) Diluted earnings per share (EPS)		

5. Consolidated cash flow statement:

Unit: RMB

Item	2021	2020
I. Cash flows from operating activities		
Cash received from sales of commodities or rendering of services	23,182,241,217.47	19,970,321,296.32
Net increase of customer deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash received from original insurance contract premium		
Net cash received from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling fees and commission		
Net increase of loans from others		
Net increment of repurchase capital		

Net cash from security transaction agency		
Tax refund received	610,822,240.47	281,790,779.02
Other cash receipts related to operating activities	229,899,647.29	253,215,094.32
Subtotal of cash inflows from operating activities	24,022,963,105.23	20,505,327,169.66
Cash payments for purchasing commodities and receiving services	17,850,456,959.80	14,125,944,531.51
Net increment of customer loans and advances		
Net increase of central bank deposit and interbank deposit		
Cash payment for insurance indemnities of original insurance contracts		
Net increase of loans to other banks		
Cash payment of interest, handling fees and commission		
Cash payment of policy dividend		
Cash paid to and for employees	1,899,260,747.79	1,599,471,888.76
Taxes paid	890,602,697.79	952,693,586.61
Other cash payments related to operating activities	1,332,761,131.16	1,750,624,388.78
Subtotal of cash outflows from operating activities	21,973,081,536.54	18,428,734,395.66
Net cash flows from operating activities	2,049,881,568.69	2,076,592,774.00
II. Net cash flows from investing activities		
Cash received from return of investments		
Cash received from investment income	25,768,911.57	32,610,765.44
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,145,603.32	1,692,990.11
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts related to investing activities	1,571,003,018.00	2,810,000,000.00
Subtotal of cash inflows from investing activities	1,599,917,532.89	2,844,303,755.55
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	228,405,541.27	280,178,445.02
Cash paid for investment		
Net increase of pledge loans		
Net cash paid for acquiring subsidiaries and other business units		
Other cash payments related to investing activities	1,032,059,354.70	2,715,000,000.00
Subtotal of cash outflow from investing activities	1,260,464,895.97	2,995,178,445.02
Net cash flows from investing activities	339,452,636.92	-150,874,689.47
III. Cash flows from financing activities:		
Cash received from investment by others	2,706,689.63	31,608,611.26
Including: cash received by subsidiaries from minority shareholder investment	2,706,689.63	31,608,611.26

Cash received from obtaining borrowings	3,602,000.00	
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities	6,308,689.63	31,608,611.26
Cash paid for debt repayment	3,596,000.00	
Cash paid for distribution of dividends or profits or for payment of interest	1,048,679,452.16	1,087,305,603.30
Including: dividends or profits paid by subsidiaries to minority shareholders		
Other cash payments related to financing activities	547,940,133.09	409,198,732.53
Subtotal of cash outflows from financing activities	1,600,215,585.25	1,496,504,335.83
Net cash flows from financing activities	-1,593,906,895.62	-1,464,895,724.57
IV. Impact of exchange rate changes on cash and cash equivalents	-7,481,549.97	-39,169,098.08
V. Net increase in cash and cash equivalents	787,945,760.02	421,653,261.88
Plus: balance of cash and cash equivalents at the beginning of the period	1,655,785,919.04	1,234,132,657.16
VI. Balance of cash and cash equivalents at the end of the period	2,443,731,679.06	1,655,785,919.04

6 Cash flow statement of parent company

Unit: RMB

Item	2021	2020
I. Cash flows from operating activities		
Cash received from sales of commodities or rendering of services	2,642,279,158.98	2,276,037,203.21
Tax refund received	238,420,004.81	118,511,160.45
Other cash receipts related to operating activities	26,558,582.66	37,489,558.97
Subtotal of cash inflows from operating activities	2,907,257,746.45	2,432,037,922.63
Cash payments for purchasing commodities and receiving services	2,789,379,560.55	1,822,605,965.27
Cash paid to and for employees	215,892,811.34	237,624,809.35
Taxes paid	46,877,046.87	36,790,695.26
Other cash payments related to operating activities	75,608,725.87	120,987,540.81
Subtotal of cash outflows from operating activities	3,127,758,144.63	2,218,009,010.69
Net cash flows from operating activities	-220,500,398.18	214,028,911.94
II. Net cash flows from investing activities		
Cash received from return of investments		
Cash received from investment income	6,041,421,134.66	43,232,218.62
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,056,865.14	14,675,977.61
Net cash received from disposal of subsidiaries and other business units		12,658,601.38

Other cash receipts related to investing activities	583,973,207.66	2,250,000,000.00
Subtotal of cash inflows from investing activities	6,626,451,207.46	2,320,566,797.61
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	31,861,974.32	37,617,485.59
Cash paid for investment		
Net cash paid for acquiring subsidiaries and other business units		31,200,000.00
Other cash payments related to investing activities	5,021,564,508.65	2,214,595,819.12
Subtotal of cash outflow from investing activities	5,053,426,482.97	2,283,413,304.71
Net cash flows from investing activities	1,573,024,724.49	37,153,492.90
III. Cash flows from financing activities:		
Cash received from investment by others		
Cash received from obtaining borrowings		
Other cash receipts related to financing activities	799,190,020.80	653,924,016.66
Subtotal of cash inflows from financing activities	799,190,020.80	653,924,016.66
Cash paid for debt repayment		
Cash paid for distribution of dividends or profits or for payment of interest	1,096,173,877.15	1,126,012,050.09
Other cash payments related to financing activities	485,317,231.86	409,198,732.53
Subtotal of cash outflows from financing activities	1,581,491,109.01	1,535,210,782.62
Net cash flows from financing activities	-782,301,088.21	-881,286,765.96
IV. Impact of exchange rate changes on cash and cash equivalents	-1,134,560.47	-15,069,464.94
V. Net increase in cash and cash equivalents	569,088,677.63	-645,173,826.06
Plus: balance of cash and cash equivalents at the beginning of the period	231,835,282.92	877,009,108.98
VI. Balance of cash and cash equivalents at the end of the period	800,923,960.55	231,835,282.92

7. Statement of Changes in Consolidated Owners' Equities

Amount of this period

Unit: RMB

Item	2021														
	Owners' equities belonging to parent company												Minority shareholders' equities	Total owners' equities	
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
		Preferred share	Perpetual bond	Others											
I. Closing balance of last year	821,083,860.00				226,859,041.81	412,206,786.34	-39,031,832.5		401,648,181.64		6,202,587,444.38		7,200,939,908.92	35,784,081.11	7,236,723,990.03

							7								
Plus: cumulative changes of accounting policies															
Error correction of prior period															
Enterprise merger under the same control															
Others															
II. Opening balance of current year	821,083,860.00				226,859,041.81	412,206,786.34	-39,031,832.57		401,648,181.64		6,202,587,444.38		7,200,939,908.92	35,784,081.11	7,236,723,990.03
III. Current period increase ("-" for decrease)	-12,405,384.00				-103,888,701.54	-336,046,889.09	-2,490,709.03		-44,723,370.32		249,161,119.74		421,699,843.94	-115,987.05	-421,583,856.89
(I) Total of comprehensive incomes							-2,490,709.03				1,943,943,608.94		1,941,452,899.91	-2,822,676.68	1,938,630,223.23
(II) Capital invested and reduced by the owner	-12,405,384.00				-103,888,701.54	-743,777,904.07			-401,648,181.64		-289,255,963.54		-63,420,326.65	-2,706,689.63	-60,713,637.02
1. Common shares invested by shareholders															
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment included into owners' equities	-26,000.00				11,110,370.60	74,504,697.25							-63,420,326.65		-63,420,326.65
4. Others	-12,37				-114,99	-818,28			-401,64		-289,25			2,706,689.63	2,706,689.63

	9,384				9,072.	2,601.			8,181.		5,963.			
	.00				14	32			64		54			
(III) Profit distribution									356,924,811.32		-1,405,526,525.66		-1,048,601,714.34	-1,048,601,714.34
1. Appropriation of surplus reserve									356,924,811.32		-356,924,811.32			
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners											-1,048,601,714.34		-1,048,601,714.34	-1,048,601,714.34
4. Others														
(IV) Internal carry-over within owners' equities														
1. Transfer of capital reserve to capital (or share capital)														
2. Transfer of surplus reserve to capital (or share capital)														
3. Surplus reserve to cover losses														
4. Retained earnings after carrying over amount of changes in defined benefit plan														
5. Retained														

earnings after carrying over other comprehensive incomes															
6. Others															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others						407,731,014.98							-407,731,014.98		-407,731,014.98
IV. Balance at the end of current period	808,678,476.00				122,970,340.27	76,159,897.25	-41,522,541.60		356,924,811.32		6,451,748,564.12		7,622,639,752.86	35,668,094.06	7,658,307,846.92

Amount of prior period

Unit: RMB

Item	2020														
	Owners' equities belonging to parent company													Minority shareholders' equities	Total owners' equities
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
I. Closing balance of last year	821,119,910.00				194,633,350.10	4,342,472.56	-20,313,446.20		401,648,181.64		5,443,671,509.58		6,836,417,032.56	8,196,544.33	6,844,613,576.89
Plus: cumulative changes of accounting policies															
Error correction of prior period															
Enterprise															

merger under the same control															
Others															
II. Opening balance of current year	821,119,910.00				194,633,350.10	4,342,472.56	20,313,446.20		401,648,181.64		5,443,671,509.58		6,836,417,032.56	8,196,544.33	6,844,613,576.89
III. Current period increase ("-" for decrease)	-36,050.00				32,225,691.71	407,864,313.78	-18,718,386.37				758,915,934.80		364,522,876.36	27,587,536.78	392,110,413.14
(I) Total of comprehensive incomes							-18,718,386.37				1,846,221,538.10		1,827,503,151.73	-4,021,074.48	1,823,482,077.25
(II) Capital invested and reduced by the owner	-36,050.00				32,274,960.46	-1,249,100.00							33,488,010.46	31,608,611.26	65,096,621.72
1. Common shares invested by shareholders															
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment included into owners' equities	-36,050.00				32,274,960.46	-1,249,100.00							33,488,010.46		33,488,010.46
4. Others														31,608,611.26	31,608,611.26
(III) Profit distribution											-1,087,305,603.30		-1,087,305,603.30		-1,087,305,603.30
1. Appropriation															

of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners											- 1,087,305.60 3.30		- 1,087,305.60 3.30		- 1,087,305.603. 30
4. Others															
(IV) Internal carry-over within owners' equities															
1. Transfer of capital reserve to capital (or share capital)															
2. Transfer of surplus reserve to capital (or share capital)															
3. Surplus reserve to cover losses															
4. Retained earnings after carrying over amount of changes in defined benefit plan															
5. Retained earnings after carrying over other comprehensive incomes															
6. Others															
(V) Special															

reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others					- 409,11	49,268	3,413.					- 409,16		-	
					.75	78						2,682.		53	409,162
IV. Balance at the end of current period	821,0	83,86	0.00		226,85	9,041.	412,20	39,031	401,64	8,181.	6,202,	587,44	7,200,	35,784,	7,236,7
					81	81	6,786.	,832.5	64		4.38		8.92	081.11	23,990.
							34	7							03

8. Statement of Changes in Owners' Equities of the Parent Company

Amount of this period

Unit: RMB

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equities
		Preferred share	Perpetual bond	Others								
I. Closing balance of last year	821,083,860.00				666,767,326.32	412,206,786.34			410,621,980.00	1,255,631,844.17		2,741,898,224.15
Plus: cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Opening balance of current year	821,083,860.00				666,767,326.32	412,206,786.34			410,621,980.00	1,255,631,844.17		2,741,898,224.15
III. Current	-				-	-			-	3,885,6		3,773,168,

period increase ("-" for decrease)	12,405, 384.00				429,866, 272.51	336,046, 889.09			6,282,74 2.00	76,138. 22		628.80
(I) Total of comprehensive incomes										5,291,2 02,663. 88		5,291,202, 663.88
(II) Capital invested and reduced by the owner	- 12,405, 384.00				- 429,866, 272.51	- 743,777, 904.07			- 363,207, 553.32			- 61,701,30 5.76
1. Common shares invested by shareholders												
2. Capital invested by other equity instrument holders												
3. Amount of share-based payment included into owners' equities	- 26,000. 00				12,829,3 91.49	74,504,6 97.25						- 61,701,30 5.76
4. Others	- 12,379, 384.00				- 442,695, 664.00	- 818,282, 601.32			- 363,207, 553.32			
(III) Profit distribution									356,924, 811.32	- 1,405,5 26,525. 66		- 1,048,601, 714.34
1. Appropriation of surplus reserve									356,924, 811.32	- 356,92 4,811.3 2		
2. Appropriation of profit to owners												
3. Others										- 1,048,6 01,714. 34		- 1,048,601, 714.34
(IV) Internal												

carry-over within owners' equities												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Surplus reserve to cover losses												
4. Retained earnings after carrying over amount of changes in defined benefit plan												
5. Retained earnings after carrying over other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others						407,731,014.98						-407,731,014.98
IV. Balance at the end of current period	808,678,476.00				236,901,053.81	76,159,897.25			404,339,238.00	5,141,307,982.39		6,515,066,852.95

Amount of prior period

Unit: RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury share	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equities
		Preferred share	Perpetual bond	Others								
I. Closing balance of last year	821,119,910.00				637,954,156.03	4,342,472.56			410,621,980.00	1,100,501,967.72		2,965,855,541.19
Plus: cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Opening balance of current year	821,119,910.00				637,954,156.03	4,342,472.56			410,621,980.00	1,100,501,967.72		2,965,855,541.19
III. Current period increase ("-" for decrease)	-36,050.00				28,813,170.29	407,864,313.78				155,129,876.45		-223,957,317.04
(I) Total of comprehensive incomes										1,242,435,479.75		1,242,435,479.75
(II) Capital invested and reduced by the owner	-36,050.00				28,862,439.04	-1,249,100.00						30,075,489.04
1. Common shares invested by shareholders												
2. Capital invested by other equity instrument holders												
3. Amount of share-based	-36,050				28,862,439.04	-1,249,10						30,075,489.04

payment included into owners' equities	.00					0.00						
4. Others												
(III) Profit distribution										- 1,087,305,603.30		- 1,087,305,603.30
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners										- 1,087,305,603.30		- 1,087,305,603.30
3. Others												
(IV) Internal carry-over within owners' equities												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Surplus reserve to cover losses												
4. Retained earnings after carrying over amount of changes in defined benefit plan												
5. Retained earnings after carrying over												

other comprehensive incomes												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					- 49,268.75	409,113, 413.78						- 409,162,682.53
IV. Balance at the end of current period	821,083,860.00				666,767,326.32	412,206,786.34			410,621,980.00	1,255,631,844.17		2,741,898,224.15

III. Company profile

Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company") is a limited liability company (by shares) transformed on an integral basis from Zhejiang Supor Cookware Co., Ltd. under the approval of Leading Group for Enterprise Listing of the People's Government of Zhejiang Province with No. ZSS [2000] 24 approval document. On November 10, 2000, the Company registered at Zhejiang Administration for Industry and Commerce. Registered address: Yuhuan City, Zhejiang Province; head office address: Hangzhou City, Zhejiang Province. The Company's parent company is SEB INTERNATIONALE S.A.S whose final parent company is SEB S.A. The Company has a corporate business license numbered 913300007046976861.

The Company and its subsidiaries (hereinafter referred to as "the Group") are mainly specialized in the R&D, manufacturing and sales of kitchen utensils, stainless steel products, daily hardware, small domestic appliance and cookware; its products are cookware and small domestic appliances.

The financial statement was released after the approval of the Company's Board of Directors on March 31, 2022.

By December 31, 2021, there were altogether 21 subsidiaries included in the scope of consolidated financial statement. See Note (IX) "Equity in Other Entities" for details. The merger scope of the Group in the year increases by 2 companies, decreases by 0 company. See Note (VIII) "Change on Merger Scope" for details.

The Company and its subsidiaries (hereinafter referred to as "the Group") are mainly specialized in the R&D, manufacturing and sales of kitchen utensils, stainless steel products, daily hardware, small domestic appliance and cookware; its products are cookware and small domestic appliances.

The financial statement was released after the approval of the Company's Board of Directors on March 31, 2022.

By December 31, 2021, there were altogether 22 subsidiaries included in the scope of consolidated financial statement. See Note (IX) "Equity in Other Entities" for details. The merger scope of the Group in the year increases by 2 companies, decreases by 0 company. See Note (VIII) "Change on Merger Scope" for details.

IV. Preparation basis of the financial statements

1. Preparation basis

The financial statements of the Group are prepared based on the assumption of continuing operation and actual transactions and items and in accordance with the Accounting Standard for Business Enterprises -- Basic Standard (Released CZBL No.33, Revised CZBL No.76) issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as the "Ministry of Finance"), and 42 specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations to the accounting standards for business enterprises and other provisions released and revised on and after February 15, 2006 (hereinafter referred to as accounting standards for business enterprises) and the disclosure provisions of the Regulations of Corporate Information Disclosure and Preparation by Companies Publicly Issuing Securities No. 15 -- General Provisions on Financial Reporting (Revised in 2014) of the China Securities Regulatory Commission.

Since January 1, 2019 and January 1, 2020, the Group had implemented new financial instrument standards such as Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments revised by the Ministry of Finance in 2017 and Accounting Standards for Business Enterprises No. 14 - Revenue, respectively, and since January 1, 2021, the Group has implemented Accounting Standards for Business Enterprises No. 21 -- Leasing revised by the Ministry of Finance in 2018.

According to the relevant regulations of the accounting standards for business enterprises, the Group's accounting is made on accrual basis. Except for certain financial instruments, measurements in these financial statements are made on the basis of historical cost. If an asset is impaired, corresponding impairment provision will be made in accordance with relevant regulations.

2. Going concern

The Company has the ability to continue operations for at least 12 months since the end of the reporting period, and there are no major issues affecting the ability to continue operations.

V. Important accounting policies and estimates

Prompt for specific accounting policies and estimates:

The Group has made accounting policies and estimates as to method for accruing bad debt provision for receivables, method for calculating inventory value and accruing depreciation provision, depreciation of fixed assets and amortization of intangible assets, recognition time point of income and other transactions and items based on the actual production and operation features and the provisions of related accounting standards for business enterprises. For details, please refer to descriptions of 9 "Financial instruments", 12 "Inventory" (3), 16 "Fixed assets" (2), 19 "Intangible assets" (1), 26 "Revenue" of Note (V).

1. Abidance of the statement of Accounting Standards for Business Enterprises

The financial statement conforms to the requirements of Accounting Standards for Business Enterprises and has reflected relevant information such as the financial conditions on December 31, 2021, operating results and cash flow in 2021 of the Company and the Group on an authentic and intact basis. In addition, the financial statements of the Company and the Group conform to the disclosure requirements of the Regulations of Corporate Information Disclosure and Preparation by Companies Publicly Issuing Securities No 15 - General Provisions on Financial Reporting revised by the China Securities Regulatory Commission in 2014 and related financial statements and their notes.

2. Accounting period

The accounting period of the Group is divided into annual period and interim period; an interim period refers to a reporting period which is shorter than a whole fiscal year. The Group takes calendar year as the fiscal year, i.e., from January 1 to December 31.

3. Operating cycle

The normal operating cycle means the period from the time when the Group purchases the assets used for processing to the time of realizing cash or cash equivalents. The Group takes 12 months as an operating cycle and uses it as a standard for classifying the liquidity of assets and liabilities.

4. Recording currency

RMB is used in the main economic environment in which the Company and its domestic subsidiaries operate and the Company and its domestic subsidiaries use RMB as the recording currency. Recording currency for foreign subsidiaries of the Company is determined as VND, SGD and IDR separately based on the currency in main economic environment in which they operate. The Group uses RMB as the recording currency to prepare the financial statement.

5. Accounting treatment method for the enterprise merger under and not under the same control

Enterprise merger refers to the transaction or events of two or more separate enterprises combining into a reporting entity. Enterprise merger is divided into the enterprise merger under the same control and enterprise merger not under the same control.

For transactions not under the same control, the purchasing party will consider whether to choose the simplified judgment method of "concentration test" when judging whether the acquired asset portfolio constitutes a business. If the portfolio passes the concentration test, it is judged that it does not constitute a business. Otherwise, it shall still be judged in line with business conditions.

When the Group acquires a group of assets or net assets that do not constitute a business, the purchase cost shall be allocated on the basis of the relative fair value of the identifiable assets and liabilities acquired on the purchase date, and shall not be treated as per the following accounting treatment methods for enterprise merger.

(1) Enterprise merger under the same control

If enterprises involved with merger are under the final control of the same party or same multiple parties before and after merger, and for a non-temporary period, then it belongs to an enterprise merger under the same control. For enterprise merger under the same control, the party which has obtained the control rights for other combining enterprises on the merger date will be considered as the merging party, and other participating enterprise is the merged party. The merger date refers to the day when the merging party actually obtains the control rights of the merged party.

The assets and liabilities obtained by the merging party shall be measured on the basis of book value of the merged party on the merger date. As to the difference between the book value of net assets acquired by merging party and the book value of merger consideration paid by it (or total amount of the face value of shares issued), the capital reserve (share capital premium) shall be adjusted correspondingly; the retained earnings will be adjusted as long as capital reserve (share capital premium) is insufficient to be offset.

The merging party's direct expenses incurred from enterprise merger shall be included into the current profits and losses at the time of occurrence.

(2) Enterprise merger not under the same control

If enterprises involved with merger are not under the final control of the same party or same multiple parties before and after merger, then it belongs to an enterprise merger not under the same control. For enterprise merger not under the same control, the party which has obtained the control rights for other combining enterprises on the purchase date will be considered as the purchasing party, and other participating enterprise is the purchased party. The purchase date refers to the day when the purchasing party obtains the

control right over the purchased party.

As for enterprise merger not under the same control, the merger costs include the assets paid by the purchasing party, the liabilities accrued and assumed, as well as the fair value of equity securities issued for obtaining purchased party's control right on the purchase date; the intermediary fees, such as auditing, legal service and evaluation and consulting, and other related administrative expenses for the enterprise merger shall be included into the current profits and losses at the time of occurrence. Transaction cost of equity securities or debt securities issued by the purchasing party as merger consideration shall be included into initial recognition amount of the equity securities or debt securities. Contingent consideration involved shall be included into the merger cost according to the fair value at the purchase date; if new or further proofs appearing within 12 months after the purchase date show that the contingent consideration needs to be adjusted, the merger goodwill shall be adjusted correspondingly. The merger costs incurred by the purchasing party and the identifiable net assets obtained in the merger shall be measured at the fair value on the purchase date. The amount of the merger cost larger than the fair value of identifiable net assets of the purchased party acquired by it on the purchase date shall be recognized as goodwill. If the merger cost is lower than the fair value of identifiable net assets of the purchased party obtained during merging, the measurement of the identifiable assets of the purchased party obtained, liabilities or fair value of contingent liabilities and the merger costs shall be reviewed firstly. If the merger cost is still lower than the fair value of identifiable net assets of the purchased party obtained during merger, the difference shall be included into the current profits and losses.

If the deductible temporary difference of the purchased party gained by purchasing party fails to be confirmed on the purchase date due to the inconformity of the recognition condition of deferred income tax assets, and in case new or further information obtained indicates that the relevant conditions on the purchase date have existed within 12 months after the purchase date, and it is predicted that the economic benefits brought by the purchased party from deductible temporary differences can be realized on the purchase date, relevant deferred income tax assets shall be confirmed, at the same time, the goodwill shall be reduced; if the goodwill is insufficient for offset, the differential part shall be confirmed as the current profits and losses; except for above conditions, in case the deferred income tax assets are confirmed to be related to the enterprise merger, they shall be included into the current profits and losses.

As for the enterprise merger not under the same control realized step by step through multiple transactions, it shall judge whether the multiple transactions belong to the "package deal" according to No. 5 Notice About Printing and Issuing Accounting Standards for Business Enterprises Explanation in Ministry of Finance (CK [2012] No. 19) and the judgment standard (refer to the Note (V) 6 "Preparation Method for Consolidated Financial Statements" (2)) about "package deal" in Article 51 of the Accounting Standards for Business Enterprises No. 33 -- Consolidated Financial Statement. If the multiple transactions belong to the "package deal", refer to the above descriptions of the part and Note (V) 15 "Long-term Equity Investment" to conduct the accounting treatment; for those not belonging to "package deal", it shall distinguish individual financial statements and consolidated financial statements to conduct relevant accounting treatment.

The sum of book value of the purchased party's equity investment held prior to the purchase date and the newly investment cost on the purchase date in individual financial statements shall be regarded as the initial investment cost of such investment; in case that the equity of the purchased party held before the purchase date is involved in other comprehensive incomes, when disposing of the investment, other comprehensive income related shall be transferred to the current investment income.

In consolidated financial statements, the equity of the purchased party held before the purchase date shall be measured again according to the fair value of the equity at the purchase date, and the difference between fair value and its book value shall be included into the current investment income; in case that equity of the purchased party held before the purchase date is involved in other comprehensive incomes, other comprehensive income related shall be transferred to the current investment income on the purchase date.

6. Preparation method for consolidated financial statements

(1) Principles for defining the scope of consolidated financial statement

The scope of the consolidated financial statements is control-based. Control refers to that Supor has the right in an investee which

allows it to enjoy variable returns by participating relevant activities of such investee and to use such right to influence the amount of such returns. The consolidation scope shall include the Company and all its subsidiaries, and "subsidiaries" refers to the bodies under the control of Supor.

Supor will re-evaluate the situation once the change in relevant facts and circumstances affects the factors involved in the above definition of control.

(2) Preparation method for consolidated financial statements

From the date of obtaining actual control right of the subsidiaries' net assets and production operation decision, the Group will begin to bring it into the merger scope; subsidiaries will not be included into the merger scope from the date when the Company loses its actual control right. As for the disposed subsidiaries, the operating results and cash flow before disposal date have been properly included into the consolidated profit statement and consolidated cash flow statement; as for subsidiaries disposed in the current period, the opening balance of the consolidated balance sheet will not be adjusted. As for the subsidiary increased due to the enterprise merger not under the same control, its operating results and cash flow after the purchase date have been properly included into the consolidated profit statement and consolidated cash flow statement, and the opening balance and contrast balance of the consolidated financial statement shall not be adjusted. As for the subsidiary increased due to the enterprise merger under the same control and the merged party under consolidation by merger, the operating results and cash flow from the beginning of the current period of the merger to the merger date have been properly included into the consolidated profit statement and the consolidated cash flow statement, and the contrast balance of the consolidated financial statement shall be adjusted simultaneously.

When consolidated financial statements are prepared, in case the accounting policies or accounting periods employed by the subsidiary and the Company are different, it's required to make necessary adjustment on the subsidiary's financial statements according to the Company's accounting policy and accounting period. As to the subsidiary acquired by the enterprise merger not under the same control, it's required to adjust its financial statements on the basis of fair value of identifiable net assets at the purchase date.

All significant current balance and transaction and unrealized profits in the Group are offset in the preparation of consolidated financial statement.

The shareholders' equities and current net profits or losses of subsidiaries that do not belong to the part owned by the Company, shall be separately listed in the shareholders' equities and minority shareholders' profit and loss in the consolidated financial statement as the minority shareholders' equities and profits and losses. The share in the current net profit or loss of the subsidiary that belongs to minority shareholders' equities shall be set out as "minority shareholders' profit and loss" under net profit in the consolidated profit statement. In case the losses of the subsidiary shared by minority shareholders exceed the share that shall be enjoyed by minority shareholders in the subsidiary's shareholders' equities at the beginning of period, they shall be offset with minority shareholders' equities.

In case of losing the control right for the original subsidiary due to disposal of partial equity investment or other reasons, the residual equity shall be measured again according to the fair value at the date when the control right is lost. The difference between the sum of the consideration acquired by equity disposal and the fair value of residual equity and the share of net assets of the original subsidiary that shall be enjoyed and is calculated continuously from the purchase date according to the original shareholding ratio shall be included into the investment income of the current period when the control right is lost. As for other comprehensive income which relate to the equity investment of the original subsidiaries, when the control right is lost, the accounting treatment shall be carried out on the same basis as the subsidiary's direct disposal of relevant assets or liabilities. Thereafter, the residual equity of this part shall be further measured in accordance with Accounting Standards for Business Enterprises No. 2 -- Long-term Equity Investment or Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments. As for details, please refer to Note (V) 15 "Long-term Equity Investment" or Note (V) 9 "Financial Instruments".

If the Group disposes the equity investment of subsidiary step by step via multiple transactions until losing the control right, it is necessary to distinguish whether transactions for disposal to the equity investment of subsidiary until losing the control right belong to the package deal. When the disposal of the articles, conditions and the economic impact of various transactions for the equity investment of the subsidiary is subject to one or more of the following conditions, it generally indicates that it shall conduct accounting treatment by taking the multiple transactions as a package deal: ① These transactions are considered to be concluded at the same time or made

in the case of considering mutual influence; ② These transactions as a whole can reach a complete business result; ③ The occurrence of a transaction depends on the occurrence of at least one other transaction; ④ One transaction alone is not economical, but when being considered together with other transactions, it is economical. If it is not package deal, every transaction will be conducted by the accounting treatment according to the following suitable principles, namely, "partially dispose the long-term equity investment of subsidiary when the control right is not lost" (See Note (V) 15 "Long-term Equity Investment" (2) (d)) and "lose the control right for the original subsidiary due to disposal of partial equity investment or other reasons" (see previous paragraph). If the disposal of transactions on subsidiaries' equity investments until loss of control right is a package deal, they are regarded as a transaction that disposes the subsidiary and loses the control right; however, the difference between each disposal price and the subsidiary's net asset share enjoyed corresponding to disposing investment before loss of control right shall be recognized as other comprehensive incomes in the consolidated financial statements, which will be transferred into the current investment profits and losses on investments of losing the control right when the control right is lost.

7. Determining standards for cash and cash equivalents

Cash and cash equivalents of the Group includes cash on hand and the deposit that can be used for making payment at any time as well as investments that are held by the Group, have a short term (generally mature within 3 months since the purchase date) and strong liquidity, can be converted into the cash of known amount easily, and have small risks in value change.

8. Foreign currency business and foreign currency statement conversion

(1) Conversion method for foreign currency transactions

After initial recognition, the foreign currency transactions occurring in the Group are converted into recording currency amounts at the spot rate prevailing on the transaction date (usually the central parity of the exchange rate quoted on the day of issuance by the People's Bank of China, the same below).

(2) Conversion method for foreign currency monetary items and foreign currency non-monetary items

For the balance sheet date, the spot rate on the balance sheet date will be adopted in the conversion of the foreign currency monetary items. In terms of the resulting exchange differences: ① The exchange difference of special foreign currency borrowings related to acquiring and constructing assets which meet capitalization conditions is disposed on the principle of the capitalization of borrowing expense; and ② foreign currency monetary items measured at the fair value with their changes included into other comprehensive incomes, except that the exchange difference created by other book balance changes other than by amortized costs (including decrease in value) is included into other comprehensive incomes, are included into the current profits and losses.

As to foreign currency non-monetary items measured by historical cost, the amount in the recording currency converted at the spot rate on the transaction date is still employed for measurement; as to foreign currency non-monetary items measured by fair value, it's required to employ the spot rate at the fair value confirmation date for conversion, and the resulting exchange difference belongs to the difference of equity instrument investment measured at the fair value with their changes included into other comprehensive incomes, and is included into other comprehensive income or recognized as other comprehensive incomes; other differences are included into current profits and losses.

(3) Conversion of foreign currency financial statement

The foreign currency financial statement of overseas business is converted to RMB statement with the following method: the assets and liabilities in the balance sheet shall be converted based on the spot rate on the balance sheet date; as for shareholders' equities, except the "undistributed profits", other items shall be converted by the spot rate on the date of occurrence. Items under income and expense in the profit statement shall be translated according to the spot rate at the transaction date. The undistributed profits at the beginning of the year is the year-end undistributed profit after conversion of last year; the period-end undistributed profit is calculated and presented according to the profit distribution of each item after conversion; the balance of the total amount among the assets and liabilities as well as shareholders' equities after conversion serves as "conversion difference in foreign currency statement" and is

recognized as other comprehensive income; For disposal of overseas business and the loss of control right, the conversion difference in foreign currency statement related to the overseas business and presented under the shareholders' equities in the balance sheet is transferred wholly or according to the disposal ratio of the overseas business into the current disposal profits and losses.

Foreign cash flows and cash flows of subsidiaries overseas are converted based on spot rate on the occurring date of cash flows. The influenced amount of changes in the exchange rate on cash is listed separately in the cash flow statement as an adjustment item.

The beginning amount and actual amount of the year shall be presented according to the amount after conversion of financial statement of last year.

In case of loss of control right of overseas business due to disposal of the Group's entire owners' equities in overseas business, or the disposal of partial equity investment or other reasons, the foreign currency conversion difference listed in the shareholders' equities items in the balance sheet, related to the overseas business and attributable to owners' equities belonging to parent company shall be totally converted into the current disposal profits and losses.

In case of decrease of the ratio of overseas business, but no loss of control right due to disposal of partial equity investment or other reasons, the conversion difference related to the disposal of part of related currency in the overseas business shall be attributable to the minority shareholders' equities, and not converted into the current profits and losses.

If there are any foreign currency monetary items that substantially constitute net investment in overseas businesses, the exchange difference generated due to the exchange rate change in the consolidated financial statements shall be determined to other comprehensive incomes as "conversion difference in foreign currency statements"; when disposing overseas business, it shall be included into the current disposal profits and losses.

9. Financial instruments

When the Group becomes one party of financial instrument contract, it's required to recognize financial assets or financial liabilities.

(1) Classification, recognition and measurement of financial assets

Based on the business mode for managing financial assets and the contracted cash flow features of financial assets, the Group divides the financial assets into: financial assets measured by amortized cost, financial assets measured at the fair value with their changes included into other comprehensive incomes, and financial assets measured at the fair value with their changes included into the current profits and losses.

The business mode of the Company's management of financial assets means that how the Group manages its financial assets so as to generate cash flows. Through business mode, it can be determined that whether the cash flow of financial assets managed by the Group is from the collection of contractual cash flow, sales of financial assets, or both. The Group, based on the objective fact and specific business objective of financial asset management determined by key management personnel, makes decisions on the business mode for managing financial assets.

The Group evaluates the contractual cash flow characteristic of financial assets to determine whether the contractual cash flow generated by the relevant financial assets on the specific date is only payment of principal and interests for outstanding principal amount. Wherein, the principal refers to the fair value of financial assets at initial recognition; interest includes consideration of the time value of money, the credit risk related to the outstanding principal amount for a specific period, and other basic borrowing risks, costs, and profits. Furthermore, the Group evaluates the contract terms that are likely to cause changes in the distribution of time or amount of the contractual cash flow of financial assets, to determine whether the terms satisfy the requirements of the above contractual cash flow characteristics.

Unless the Group changes its business mode for managing financial assets, all affected related financial assets are reclassified on the first day of the first reporting period after the change of business mode, otherwise, financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured by fair value during initial recognition. As to financial assets measured at the fair value with their changes included into the current profits and losses, related transaction cost shall be included into the current profits and losses

directly; as to other categories of financial assets, related transaction cost shall be included into initial recognition amount. Accounts receivable or notes receivable that are from sale of products or rendering of labors, and do not include or take into account significant financing parts are taken as initial recognition amount by the Group based on the consideration amount that the Group is entitled to receive.

(a) Financial assets measured by amortized cost

The business mode of the Group to manage financial assets measured by amortized cost is aimed at receiving contracted cash flows; the contracted cash flow features of such financial assets are consistent with basic loan arrangements, that is, cash flows generated at specific date are only payment of principal and interests for outstanding principal amount. Effective interest method is used by the Group to carry out subsequent measurement of such financial asset according to the amortized cost, and the gains or losses arising from amortization and impairment are included into the current profits and losses.

(b) Financial assets measured at the fair value with their changes included into other comprehensive incomes.

The business mode of the Group to manage such financial assets is aimed at receiving contracted cash flows as well as sales; the contract cash flow features of such financial assets are consistent with basic loan arrangements. The Group measures such financial assets measured at the fair value with their changes included into other comprehensive incomes, but impairment losses or gains, exchange profits and losses, and interest revenue calculated based on effective interest method are included into the current profits and losses. When the financial asset is derecognized, the accumulated gains or losses previously included into other comprehensive income shall be transferred out of other comprehensive income and included into the current profits and losses.

In addition, for investments in non-transactional equity instruments, the Group can irrevocably designate them as financial assets measured at the fair value with their changes included into other comprehensive incomes upon initial recognition. The designation is made on a single investment basis, and the relevant investment meets the definition of equity instrument from the issuer's point of view. The Group includes the related dividend income of such financial assets into the current profits and losses with the change in fair value included into other comprehensive income. At the time of derecognition of such financial assets, the accumulated gains or losses included into other comprehensive income before will be shifted to retained earnings from other comprehensive income but not included into the current profits and losses.

(c) Financial assets measured at the fair value with their changes included into the current profits and losses.

The Group recognizes foregoing financial assets measured by amortized cost and that are not financial assets measured at the fair value with their changes included into other comprehensive incomes as financial assets measured at the fair value with their changes included into the current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group designates part of the financial assets measured at the fair value with their changes included into the current profits and losses. As to such financial assets, subsequent measurement shall be carried out by the Group based on fair value, and the resulting gains or losses (including interest and dividend income) are included into current profits and losses, unless the financial asset is part of the hedging relationship.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities measured at the fair value with their changes included into the current profits and losses, financial guarantee liabilities and other financial liabilities upon initial recognition. As to financial liabilities measured at the fair value with their changes included into the current profits and losses, related transaction cost shall be included into the current profits and losses directly; as to other financial liabilities, related transaction cost shall be included into initial recognition amount.

(a) financial liabilities measured at the fair value with their changes included into the current profits and losses

Financial liabilities measured at the fair value with their changes included into the current profits and losses include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities that are designated to be measured at fair value with changes included into the current profits and losses during initial recognition.

Transactional financial liabilities (including derivatives belonging to financial liabilities) are measured subsequently at fair value and except for those related to hedge accounting, changes in fair value are included into the current profits and losses.

For financial liabilities measured at the fair value with their changes included into the current profits and losses, changes in their fair value caused by changes in the Group's own credit risk are included into other comprehensive income, and when such liabilities are stopped to be recognized, accumulated changes in their fair value caused by changes in the Group's own credit risk that is included into other comprehensive income are transferred to retained earnings. Other changes in fair value are included into current profits and losses. If the treatment of impact of changes in credit risk of these financial liabilities in the above manner will cause or expand accounting mismatches in profit or loss, the Group will include all gains or losses of such financial liabilities (including impact of changes in the Company's own credit risk) into the current profits and losses.

(b) Financial guarantee liabilities

A financial guarantee contract refers to a contract that requires the Group to pay a specific amount to the contract holder who has suffered a loss when the specific debtor fails to pay the debt in accordance with the original or modified terms of the debt instrument at maturity.

After initial recognition, the income related to the financial guarantee contract is apportioned and included into the current profits and losses in accordance with the accounting policies mentioned in Note (V) 26 "Revenue". Financial guarantee liabilities are subsequently measured according to the higher of the loss provision amount determined according to the impairment principle of financial instruments and the balance of its initial recognition amount after deducting the accumulated amortization amount of income related to financial guarantee contracts.

(c) Other financial liabilities

In addition to financial liabilities and financial guarantee contracts as a result of financial asset transfers that are not in line with derecognition condition or continuous involvement in transferred financial asset, other financial liabilities are classified as financial liabilities measured at amortized cost and measured subsequently at amortized cost, and gains or losses arising from derecognition or amortization of such liabilities are included into the current profits and losses.

(3) Recognition basis and measurement method of the transfer of financial assets

If financial assets meet one of the following conditions, derecognition of such financial assets will be carried out: ① the contractual right to receive cash flow from the financial assets is terminated; ② the financial assets have been transferred and almost all the risks and rewards in the ownership of the financial assets are transferred to the transferee; ③ the financial assets have been transferred and, although the Group has neither transferred nor retained almost all risks and rewards in the ownership of the financial assets, it has waived its control over the financial assets.

If the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets and does not relinquish control over the financial assets, the financial assets shall be recognized according to the degree of continuous involvement of the financial assets transferred, and the relevant liabilities shall be recognized accordingly. Degree of continuous involvement of the financial assets transferred is the risk level of the Group due to changes in value of such financial assets.

In case whole transfer of financial assets satisfies the derecognition condition, the difference between the sum of the book value of financial assets transferred and consideration received due to the transfer and the sum of changes in fair value original included into other comprehensive income shall be included into the current profits and losses.

In case partial transfer of financial assets satisfies the derecognition condition, book value of the financial assets transferred shall be amortized between the derecognition part and the part without derecognition according to their own fair value, and the difference between the sum of the consideration received for the transfer and accumulated amount of the change in fair value to be amortized to derecognition part and originally included into other comprehensive income, and the foregoing book value amortized shall be included into the current profits and losses.

For financial assets sold with right of recourse, or to transfer financial assets by endorsement, the Group needs to determine whether almost all risks and rewards related to ownership of such financial assets have been transferred. If almost all risks and rewards related to the ownership of such financial assets are transferred to the transferee, derecognition of such financial assets shall be conducted; derecognition of such financial assets should not be conducted if the risks and rewards related to the ownership of such financial assets are reserved; if the risks and rewards related to the ownership of such financial assets are not transferred nor reserved,

it needs to determine whether the Company keeps its control over such assets and make accounting treatment based on principles as described in the foregoing paragraphs.

(4) Derecognition of financial liabilities

In case the current obligations of financial liabilities (or part of the financial liabilities) have been terminated, the Group will carry out derecognition of such financial liabilities or part of them. In case the Group (borrower) signs an agreement with the debtor to replace the original financial liabilities by means of bearing new financial liabilities, and contract clauses related to the new financial liabilities and original financial liabilities are different in essence, it's required to carry out derecognition of original financial liabilities and recognize the new financial liabilities simultaneously. If the Group substantially modifies the contract terms of the original financial liability (or part of it), the original financial liability is derecognized and a new financial liability is recognized in accordance with the revised terms.

In case derecognition is carried out for the whole or part of financial liabilities, the difference between their book value and the consideration paid (including non-cash assets transferred out or liabilities assumed) shall be included by the Group in the current profits and losses.

(5) Offset of financial assets and financial liabilities

In case the Group has the legal right of offsetting the financial assets and financial liabilities recognized and such legal right is executable now, and the Group plans to carry out settlement by net amount or realize the financial assets and pay off the financial liabilities simultaneously, the net amount after mutual offset of such financial assets and financial liabilities shall be set out in the balance sheet. Otherwise, financial assets and financial liabilities shall be set out in the balance sheet respectively and will not be offset mutually.

(6) Equity instruments

An equity instrument refers to a contract that can prove the ownership of residual interest in assets after the Group deducts all liabilities. The Group's issuing (including refinancing), repurchase, sale or cancellation of equity instruments are treated as changes in equity, and transaction costs related to equity transactions are deducted from equity. The Group does not determine changes in fair value of equity instruments.

Distribution of dividends (including "interest" from instruments classified as equity instruments) from the equity instruments during the duration of the Group is treated as profit distribution.

10. Financial assets impairment

Supor needs to recognize the financial assets with impairment losses as financial asset measured at amortized costs and debt tools measured at the fair value with their changes included into other comprehensive incomes, including mainly notes receivable, accounts receivable, receivables financing, other receivables and other debt investments. Moreover, for contract assets and some financial guarantee contracts, the impairment provision shall be accrued and the credit impairment loss shall be recognized pursuant to the accounting policy set forth herein.

(1) Recognition method of impairment provision

The above items are accrued for impairment provision and credit impairment losses by the Group in accordance with applicable expected credit loss measure methods (general or simplified) based on the expected credit loss.

Credit loss refers to the difference between all contractual cash flows discounted as per the original effective interest rate and receivable from the contract and all cash flows expected to be received by the Group, namely, the present value of a shortage of cash. Wherein, the purchased or underlying financial assets with credit impairment of the Group shall be discounted as per effective interest rate based on credit adjustment.

The general method for measuring expected credit loss is as follows, the Group evaluates whether credit risk of financial assets (including contract assets and other applicable items, the same below) has remarkably increased after initial recognition on each balance sheet date. In case of credit risk having remarkably increased after initial recognition, the Group will measure loss provision as per the

amount equivalent to expected credit loss in the entire duration; in case of credit risk failing to remarkably increase after initial recognition, the Group will measure loss provision as per the amount equivalent to expected credit loss in the next 12 months. At the time of evaluating expected credit loss, the Group considers all reasonable and well-founded information, including forward-looking information.

When the expected credit loss is measured, the longest period to be considered by the Group is the longest contract period when the enterprise faces the credit risk (including considering the renewal option). The expected credit loss of the entire duration refers to the expected credit loss arising from all possible events of default regarding financial instrument occurring during the entire expected duration. Expected credit loss in the next 12 months refers to expected credit loss resulting from default of financial instruments likely occurring within 12 months after the balance sheet date (expected duration if the expected duration of financial instruments is less than 12 months) which is part of expected credit loss during the entire duration.

For the financial instrument with a lower credit risk on the balance sheet date, the Group assumes that its credit risks have not increased significantly since the initial recognition, and measures the loss provisions according to the expected credit losses of the future 12 months.

(2) Standard for judging whether credit risk has remarkably increased after initial recognition.

In case that probability of default of one financial asset confirmed on the balance sheet date in the expected duration is obviously higher than that confirmed at the moment of initial recognition in the expected duration, it means credit risk of such financial asset remarkably increases. The changes of default risk within the next 12 months are adopted by the Group other than special cases as reasonable estimate in the entire duration, ensuring whether the credit risk has increased significantly since the initial recognition.

(3) Combinatorial method of appraising future credit risk based on portfolio

the Group appraises the credit risk of the financial asset item of significantly different credit risks, such as: receivables from the related parties; receivables disputed with the opposite side or involving litigation or arbitration; there have been obvious signs showing that the debtor possibly is not able to perform the repayment obligations of receivable amounts, etc.

Except financial assets of individual credit risk assessment, the Group divides financial assets into different groups based on the common risk characteristics and appraises credit risks based on portfolio.

(4) Accounting treatment method of financial assets impairment

The expected credit losses of all kinds of financial assets are calculated by the Group at the end of the duration. If the estimated credit loss is greater than the book value of the current impairment provision, the difference is recognized as impairment loss; If not, it is recognized as impairment profits.

(5) Determination method of credit losses of all kinds of financial assets

(a) Notes receivable

The Group measures loss provision for notes receivable based on the amount equivalent to expected credit loss in the entire duration.

(b) Accounts receivable and contract assets

For accounts receivable and contract assets not containing significant financing part, the Group measures its loss provisions based on the amount of expected credit losses during the entire duration.

For accounts receivable and contract asset involving significant financing, Supor always calculates the loss provision as the amount of expected credit loss within the duration.

The other accounts receivables other than individual credit risk assessment are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determination of portfolio
Accounts receivable:	
Portfolio 1: age portfolio	Aging of receivables is used as the credit risk feature for this portfolio.

Portfolio 2: low-risk portfolio	The portfolio includes very low-risk amounts such as the payment of export third-party goods.
Portfolio 3: merged related parties portfolio	This portfolio includes current amount between related parties within the merger scope of amounts receivable.

(c) Other receivables

The impairment loss is measured by the Group in accordance with the amount of expected credit loss equivalent to that within the next 12 months or the entire duration based on whether the credit risk of other receivables has increased significantly since the initial recognition. Other receivables other than individual credit risk assessment are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determination of portfolio
Portfolio 1: age portfolio	Aging of receivables is used as the credit risk feature for this portfolio.
Portfolio 2: low-risk portfolio	The portfolio consists of interests receivable, dividends receivable, receivables from government departments with very low risk.
Portfolio 3: merged related parties portfolio	This portfolio includes current amount between related parties within the merger scope of amounts receivable.

11. Receivables financing

The notes receivable and accounts receivable measured at the fair value with their changes included into other comprehensive incomes are listed as receivables financing with a term of less than one year (including one year) from the initial recognition; See the Note (V) 9 "Financial Instruments" and 10 "Financial Assets Impairments" for relevant accounting policies.

12. Inventory

(1) Classification

Inventory mainly includes raw materials, unfinished products, finished products, low value consumables and packing materials.

(2) Valuation method for the acquisition and distribution of inventory

When inventories are acquired, they are priced at actual costs. Inventory costs include procurement costs, processing costs, and other costs. When inventories are used and distributed, the price is calculated by the one-off weighted average method at the end of a month.

(3) Method of recognizing net realizable value and accruing depreciation reserve of inventories

Net realizable value refers to the amount of the estimated selling price of inventories deducted by estimated costs to be incurred upon completion, estimated sales expenses and related taxes in daily activities. For the inventories held for executing the sales contract or labor contract, the net realizable value shall be measured based on the contract price. When the amount of holding inventory is more than the ordering amount in sales contract, the net realizable value of the excess inventory shall be measured based on general sales price. The determination of net realizable value of the inventory shall be based on the concrete evidence acquired and consider the purpose of holding inventory, and impacts of the events after the balance sheet date.

At the balance sheet date, the inventory shall be measured according to the cost or net realizable value, subject to the lower one. In case the cost is higher than net realizable value, inventory depreciation reserves shall be withdrawn. The inventory depreciation reserve is usually withdrawn based on the difference between the cost of a single inventory item and its net realizable value.

After the inventory depreciation reserve is withdrawn, if factors that previously reduced the value of inventory disappear, causing net realizable value of inventory to be higher than its book value, the original inventory depreciation reserves will be reversed and the amount reversed is included into the current profits and losses.

(4) Inventory system is perpetual inventory system

(5) Amortization method for low value consumables and packing materials

Low value consumables shall be amortized by one-off amortization method during the requisition or amortize during the period of use; packing materials shall be amortized by one-off amortization method during the requisition.

13. Contract assets

The Group lists the customer's unpaid contract consideration as contract assets in the balance sheet, under which the Group has fulfilled its performance obligations in accordance with the contract, and it does not have the right to collect payments from customers unconditionally (that is, only depending on the passage of time). Contract assets and liabilities under the same contract are listed in net amount, and those under different contracts shall not be offset.

For the determination and accounting treatment methods of expected credit losses of contract assets, please refer to Note (V) 10 "Financial Assets Impairment".

14. Held-for-sale assets and disposal group

In case the Group mainly recovers the book value by selling (including non-monetary assets exchange of commercial essence, the same below) rather than using a non-current asset or disposal group continuously, it will be classified as held-for-sale category. Specific standard refers to meeting the following conditions at the same time: one non-current asset or disposal group can be immediately sold under the current situation pursuant to the convention for selling such asset or disposal group in similar transaction; the Group has made a resolution about sale plan and got certain of purchase commitment; it's predicted that the sale will be completed within one year. Disposal group refers to a group of assets that will be disposed together as a whole by selling or other means in a transaction and the liabilities directly related to these assets and transferred in the transaction. In case the asset group or asset group portfolio where the disposal group belongs has amortized the goodwill acquired in enterprise merger according to Accounting Standards for Business Enterprises No. 8 -- Impairment of Assets, the disposal group shall include the goodwill amortized to it.

If there are non-current assets or disposal groups purchased to resell during initial measurement or on the balance sheet date based on remeasurement of the Group, if the book value is higher than the net amount by deducting the selling expenses with the fair value, the book value shall be written down and be equal to the net amount by deducting the selling expenses with the fair value. The write-down amount shall be confirmed as the asset impairment loss and included into the current profits and losses. At the same time, the impairment provision of the held-for-sale assets shall be calculated and withdrawn. For the disposal group, it shall deduct the book value of the goodwill in the disposal group with the asset impairment loss confirmed, then deduct in proportion the book value of each non-current asset in the disposal group conforming to the measurement provisions on Accounting Standards for Business Enterprises No. 42 - Held-for-sale Non-current Assets, Disposal Group and Discontinuing Operation (hereinafter referred to as "the Standard for Held-for-sale Non-current Assets"). For the held-for-sale disposal group, if the net amount after deducting the selling expenses from the fair value on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and shall be reversed from the confirmed amount of asset impairment loss amount of the non-current asset as per the measurement provisions on the Standard for Held-for-sale Non-current Assets after the assets are classified as held-for-sale category. The reverse amount shall be included into the current profits and losses, and the book value shall be added in proportion of the book value of each non-current asset in the disposal group applicable to the measurement provisions on the Standard for Held-for-sale Non-current Assets, except for the goodwill; Book value of the goodwill that has been offset and asset impairment loss recognized before the non-current assets applying to the measurement provisions on the Standard for Held-for-sale Non-current Assets are classified as held-for-sale category shall not be reversed.

Depreciation or amortization will not be withdrawn for held-for-sale non-current assets or non-current assets in the disposal group, and the interest of liabilities in held-for-sale disposal group and other expenses shall be recognized continuously.

When the non-current assets or disposal group can't be classified as held-for-sale category, the Group will no longer continue to classify them as held-for-sale or remove non-current assets from the held-for-sale disposal group and measure them according to the following two items, subject to the lower one: ① book value before the assets are classified as held-for-sale category, namely, the

amount after the adjustment is carried out according to the depreciation, amortization or impairment, etc. that shall be recognized in the condition that the assets are supposed not to be classified as held-for-sale category; ② recoverable amount.

15. Long-term equity investment

The long-term equity investment mentioned in this part refers to the long-term equity investment of which the Group has control right, common control right or significant impact on the invested units. Long-term equity investments that the Group does not have control, common control or significant impact on the invested unit are accounted for as financial assets measured at the fair value with their changes included into the current profits and losses. If such assets are not non-transactional, the Group may specify these capitals as measured at the fair value with their changes included into other comprehensive incomes at the time of initial recognition. Relevant accounting policies can be seen in Note (V) 9 "Financial Instruments".

Common control refers to common control on a certain arrangement according to related provisions by the Group and related activities of the arrangement can be decided only after the consent of the participant sharing the control right. Significant impact refers to the Group's power on participating in the decision-making of financial and operating policies of the invested unit, but it can't control the formulation of these policies or control the formulation commonly with other party.

Determination of investment cost

For the long-term equity investment obtained from the enterprise merger under the same control, the initial investment cost of the long-term equity investment shall be taken as the share of the book value of the merged party's shareholders' equities/owners' equities in the final controlling party's consolidated financial statements on the merger date. As to the difference between initial investment cost of long-term equity investments and the book value of the cash paid, non-cash assets transferred and liabilities assumed, it's required to adjust the capital reserve correspondingly. In case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. In the case of treating issued equity securities as the merger consideration, the share of the book value of the merged party's shareholders' equities/owners' equities in the consolidated financial statement of the final controlling party is regarded as the initial investment cost of long-term equity investment on the merger date; the capital reserves shall be adjusted in accordance with taking the total face value of shares issued as share capital, and the difference between the initial investment cost of long-term equity investment and the total face value of shares issued; In case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. The equity of the merged party obtained step by step through several transactions, which finally forms enterprise merger under the same control, shall be handled separately according to whether it belongs to "package deal": if it belongs to the "package deal", the accounting treatment will be carried out by taking transactions as a certain one with control right. If it does not belong to "package deal", the share of the book value of the merged party's shareholders' equities/owners' equities in the final controlling party's consolidated financial statement on the merger date will be taken as the initial investment cost of long-term equity investment, and the capital reserves will be adjusted according to the difference between the initial investment cost of long-term equity investment and the sum of book value of long-term equity investment before combination and book value of consideration newly paid for acquiring the share; In case the capital reserve is insufficient for the offset, it's required to adjust the retained earnings. Other comprehensive income of equity investment held before the merger date, which is accounted by equity method or recognized as financial assets measured at the fair value with their changes included into other comprehensive incomes, is temporarily not subject to the accounting treatment.

The long-term equity investment obtained from the enterprise merger not under the same control shall be used as the initial investment cost of long-term equity investment according to the merger cost on the purchase date. The merger cost includes the sum of assets paid by the purchasing party, liabilities incurred or assumed, and fair value of issued equity securities. The equity of the purchased party held obtained step by step through several transactions, which finally forms enterprise merger not under the same control, shall be handled separately according to whether it belongs to "package deal": if it belongs to the "package deal", the accounting treatment will be carried out by taking transactions as a certain one with control right. If it does not belong to "package deal", it shall take the sum of the book value of the original equity investment held by the original purchased party and the newly investment cost as the initial investment cost of the long-term equity investments under the cost method. If the equity originally held is accounted for by

equity method, the relevant other comprehensive incomes will not be accounted for the time being.

The initial measurement of other equity investments except for the long-term equity investment formed by the enterprise merger shall be carried out according to the costs; in consideration of the different acquisition modes of long-term equity investment, such costs shall be determined respectively by the cash purchase price actually paid by the Group, the fair value of equity securities issued by the Group, value agreed in the investment contract or agreement, the fair value or original book value of assets surrendered in the non-monetary assets exchange transaction, the fair value of the long-term equity investment, etc. The expenses, taxes and other necessary expenditures directly related to the acquisition of the long-term equity investment shall also be included into the investment cost. If the significant impact or common control is implemented on the invested unit due to the additional investment, but it does not constitute the control, the long-term equity investment cost is the sum of fair value of the originally held equity investment determined according to Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments and newly investment cost.

(2) Methods for the subsequent measurement and the profit and loss confirmation

Long-term equity investments that have common control (except for joint operators) or significant impact on the invested unit are accounted by equity method. Besides, the Company's financial statement adopts the cost method to account the long-term equity investment that can be controlled by the invested unit.

(a) Long-term equity investments under the cost method

When the cost method is adopted for accounting, long-term equity investment is priced at the initial investment cost, and the cost of long-term equity investment shall be adjusted when the investment is added or recovered. The current investment incomes shall be recognized by the cash dividends or profits announced and issued by the invested unit, except for the actual price paid when the investment is obtained or the cash dividends or profits which have been declared but not issued in the consideration.

(b) Long-term equity investments under the equity method

As to long-term equity investments checked by equity method, in case the initial investment cost is more than the shares of fair value of identifiable net assets of the invested unit that shall be enjoyed during the investment, initial investment cost of the long-term equity investments shall not be adjusted; in case the initial investment cost is less than the shares of fair value of identifiable net assets of the invested unit that shall be enjoyed during the investment, the difference shall be included into the current profits and losses and the cost of long-term equity investments shall be adjusted simultaneously.

When the equity method is adopted for accounting, it's required to recognize the investment income and other comprehensive income respectively according to net profit or loss realized by the invested unit that shall be enjoyed or shared and other comprehensive income, and book value of the long-term equity investment shall be adjusted simultaneously. As to the part that shall be enjoyed and calculated according to the profits or cash dividends announced and distributed by the invested unit, it's required to reduce the book value of long-term equity investment correspondingly. As to other changes in owners' equities of the invested unit except for net profit or loss, other comprehensive income and profit distribution, book value of the long-term equity investment shall be adjusted and included into the capital reserve. When the shares of net profit or loss of the invested unit that shall be enjoyed are recognized, it shall be based on fair value of each identifiable net asset of the invested unit when the investment is acquired and after the adjustment is made on net profit of the invested unit. In case the accounting policy and accounting period employed by the invested unit are different from those employed by the Group, financial statements of the invested unit shall be adjusted according to the Group's accounting policy and accounting period. Besides, investment income, other comprehensive income, etc. shall be recognized on this basis. For transactions between the Group and associated enterprise or joint venture, if the assets launched or sold do not constitute the business, the unrealized internal trading profits and losses shall be offset according to the proportion attributable to the Group, and the investment profits and losses shall be confirmed on this basis. In case the part incurred between the Group and the invested unit without internal transaction loss belongs to the asset impairment loss, it shall not be offset. If the assets invested by the Group to the joint venture or associated enterprise constitute the business, and the investor thereupon obtains the long-term equity investment but fails to obtain the control right, the fair value of business launched is taken as the initial investment cost of newly long-term equity investment, and the difference between the initial investment cost and book value of business launched shall be included into the current profits and losses

in full. If the assets sold by the Group to the joint venture or associated enterprise constitute the business, the difference between the consideration acquired and the book value of business shall be fully included into the current profits and losses. If the Group's assets purchased from the joint venture or associated enterprise constitute the business, accounting treatment shall be conducted in accordance with the provisions of the Accounting Standards for Business Enterprises No. 20 - Enterprise Merger, and the gains or losses related to the transaction shall be fully recognized.

When the net loss of the invested unit that shall be shared is recognized, the book value of the long-term equity investment and other long-term equity that actually constitute the net investment of the investee shall be written down to zero. Besides, if the Group has the obligation to bear the additional loss for the invested unit, the estimated liabilities will be recognized according to the estimated obligation that shall be assumed and included into the current investment losses. In case the net profit is realized by the invested unit later, after the Group makes up the unrecognized loss amount shared by the income amount shared, it's required to recover the revenue recognition amount shared.

(c) Acquisition of minority interest

When compiling the consolidated financial statements, the Company shall adjust the capital reserve due to the difference between the newly-increased long-term equity investment from the purchase of the minority interest and the net asset shares enjoyed according to the new shareholding proportion of the subsidiary continuously calculated from the purchase date (or the merger date); in case that the capital reserves are not sufficient to offset, the retained earnings shall be adjusted.

(d) Disposal of the long-term equity investment

The parent company partially disposes the long-term equity investment of subsidiary when the control right is not lost in consolidated financial statement. The difference between disposal price and subsidiaries' net assets enjoyed corresponding to the disposal of long-term equity investment will be included into the shareholders' equities; supposing that the parent company loses the control right for the subsidiary due to the partial disposal of the long-term equity investment for the subsidiary, it shall be dealt with in accordance with the relevant accounting policies as specified in the Note (V) 6 "Preparation Method for Consolidated Financial Statement" (2).

As for the disposal of the long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actually-obtained price shall be included into the current profits and losses.

For long-term equity investments under the equity method, if the residual equity after the disposal shall still be accounted by the equity method, upon the disposal, the part of other comprehensive income that was originally included into shareholders' equities shall be accounted for on the same basis as the invested unit's direct disposal of relevant assets or liabilities in a corresponding proportion. However, the owners' equities that are recognized based on the changes in other owners' equities shall be carried forward to the current profits and losses in proportion, except for the net profits and losses, other comprehensive incomes and profit distribution.

For the long-term equity investments under the cost method, if the residual equities after disposal are still under the cost method, the accounting treatment of other comprehensive incomes confirmed under the equity method or financial instrument recognition and measurement standards before obtaining control of the invested unit shall be conducted on the same basis of the invested unit's directly disposal of the relevant assets or liabilities, and it shall be carried forwarded to the current profits and losses in proportion; except for the net profits and losses, other comprehensive incomes and profit distribution, the changes in other owners' equities in the invested unit's net assets which are accounted and recognized by the equity method shall be carried forward to the current profits and losses in proportion.

If the Group loses control of the invested unit due to disposal of partial equity investment, and the residual equities after disposal may exert common control or significant impact on the invested unit while preparing individual financial statements, the equity method will be adopted for accounting, and it will be measured by the equity method and adjusted with equity method since obtaining; if the residual equities after disposal cannot implement the common control or exert significant impact on the invested unit, the relevant provisions in respect of the financial instrument recognition and measurement standards shall be referenced for the accounting treatment, and the difference between the fair value and book value shall be included into the current profits and losses on the date of losing control. Before the Group acquires the control of the invested unit, for other comprehensive incomes confirmed under the equity method

or financial instrument recognition and measurement standards, when the control of the invested unit is lost, the accounting treatment shall be conducted on the same basis of the invested unit's direct disposal of relevant assets or liabilities; the changes in the other owners' equities of the invested unit's net assets other than the net profits and losses, other comprehensive incomes and profit distribution calculated and confirmed by the equity method shall be settled and transferred to the current profits and losses in proportion. Among which, if the residual equity after the disposal is calculated by the equity method, other comprehensive incomes and other owners' equities shall be carried forward in proportion; if the residual equity after disposal is to be conducted with accounting treatment in accordance with the recognition and measurement standards of financial instruments, other comprehensive incomes and other owners' equities shall be carried forward.

If the Group loses the common control or significant impact on the invested unit due to disposal of partial equity investment, the residual equity after disposal shall be accounted according to the financial instrument recognition and measurement standards. The difference between the fair value and book value shall be included into the current profits and losses on the date of losing common control or significant impact. As for other comprehensive incomes as recognized when the original equity investment is under the equity method, it shall be subject to the accounting treatment on the same basis of the assets or liabilities which are directly disposed by the invested unit when the equity method is abandoned. The owners' equities which are recognized by the invested unit due to the changes in other owners' equities, except for the net profits and losses, other comprehensive incomes and profit distribution, will be reckoned in the current investment incomes when the equity method is abandoned.

The Group will take the multiple transactions to dispose the subsidiaries' equity investment step by step until lose its control right. When the above-mentioned transactions belong to the package deal, the transactions will be subject to the accounting treatment as an equity investment of subsidiaries and transaction which has lost the control right. The difference between the disposal price and the corresponding book value of long-term equity investment will be recognized as the other comprehensive incomes before losing the control right, which will be reckoned in the current profits and losses when the control right is lost.

16. Fixed assets

(1) Recognition principles of fixed assets

Fixed assets refer to tangible assets held for producing commodities, providing labor service, leasing or operation management with service life of more than 1 fiscal year. The fixed assets can be confirmed only when the relevant economic interests are possible to flow into the Group and its costs can be measured reliably. The initial measurement of fixed assets shall be carried out according to the cost and considering the expected influence of the discard expenses.

(2) Depreciation method

From the following month when fixed assets reach the estimated applicable state, the depreciation is withdrawn within its service life with the straight-line method. Service life, expected net residual value, and annual depreciation rate of all kinds of fixed assets are as follows:

Categories	Depreciation method	Depreciation life (years)	Residual rate	Annual depreciation rate
Buildings and structures	Straight-line method	20-30	3%-10%	3.00%-4.85%
General equipment	Straight-line method	3-5	3%-10%	18.00%-32.33%
Special equipment	Straight-line method	10	3%-10%	9.00%-9.70%
Transport facilities	Straight-line method	4-10	3%-10%	9.00%-24.25%

The expected net residual value refers to the expected amount that the Group may obtain from the current disposal of fixed assets after deducting the expected disposal expenses at the expiration of its expected service life.

(3) Impairment test method and counting and withdrawing method of the impairment provision of fixed assets

See more details about the impairment test method and the withdrawing method of impairment provision of fixed asset in Note (V) 21 "Impairment of Long-term Assets".

(4) Other remarks

The subsequent expenditures related to fixed assets shall be included into fixed assets cost, and the derecognition of the book value of the substitution part shall be carried out if economic benefits related to such fixed assets may flow in and its cost can be reliably measured. Other subsequent expenditures, except for this, shall be included into the current profits and losses once occurred.

As for each component constituting fixed assets, in case that they have different service life or provide economic interest for the group by different ways and apply to different rates of depreciation and depreciation methods, the Group confirms each component as single fixed asset, respectively.

When the fixed assets are under disposal state or it is estimated that no economic benefits can be produced through usage or disposal, such fixed asset is confirmed to be derecognized. The difference of the amount left as the book value and relevant taxes are deducted from the disposal income obtained from the sale, transfer, discard or damage of the fixed asset shall be included into the current profits and losses.

The Group shall review the service life, expected net residual value and depreciation method of the fixed assets at least by the end of the year. In case of any change, it shall be deemed as changes in accounting estimate.

17. Construction in progress

The cost of construction in progress shall be confirmed as per actual engineering expenditures, including various project expenditures under construction, capitalized borrowing expense for making the project reach the expected serviceable condition, and other relevant costs. The construction in progress shall be transferred to the fixed assets when it reaches the expected serviceable condition.

See more details about the impairment test method and the withdrawing method of impairment provision of construction in progress in Note (IV) 21 "Impairment of Long-term Assets".

18. Borrowing expenses

Borrowing expenses include interest on borrowings, amortization of discounts or premiums, auxiliary costs and exchange differences arising from foreign currency borrowings, etc. For the borrowing expense generated from the acquisition and construction or production that can be directly attributable to the assets that meet capitalization conditions, the capitalization shall be started when the asset expenditure or the borrowing expense has incurred, or the acquisition and construction or production activities necessary for making the assets available for expected serviceable or marketable state have been started; capitalization shall be stopped when the assets under acquisition and construction or production that meet capitalization conditions reach the expected serviceable condition or marketable state. Other borrowing expenses are recognized as those in the current period.

The amount can be capitalized after the actual interest expense generated from the specific borrowing deducting the interest revenue from the unused loan funds deposited in the bank or investment income obtained from the temporary investment in the current period; for the general borrowing, the capitalized amount will be determined after the weighted average of excessive part of accumulative asset expenditures compared to the asset expenditure of special borrowing multiplied by the capitalization rate of the general borrowing occupied. The capitalization rate is determined based on the weighted average interest rate of general borrowing.

In the capitalization period, all exchange differences of special foreign currency borrowings shall be capitalized; exchange difference of general foreign currency borrowing shall be included into the current profits and losses.

Assets meeting capitalization conditions refer to the fixed assets, investment properties, inventories, etc. which can reach the expected serviceable state or marketable state after quite a long time of acquisition and construction or production.

If assets meeting capitalization conditions are interrupted abnormally in the process of acquisition and construction or production,

and the interruption lasts for more than 3 months, the capitalization of borrowing expense shall be suspended till the asset acquisition and construction or production restarts.

19. Intangible assets

(1) Intangible assets

Intangible assets refer to the identifiable non-monetary assets that have are owned or controlled by the Group and have no physical form.

The initial measurement of intangible assets shall be conducted according to its costs. Expenditures related to intangible assets shall be included into the cost of intangible assets if the relevant economic benefits may flow in the Group and its cost can be reliably measured. Expenditures for other items, except for this, shall be included into the current profits and losses once occurred.

Land use right acquired is usually calculated as an intangible assets. As for buildings such as self-developed and constructed workshops, the related land use right expenditure and construction cost of the buildings shall be calculated as intangible assets and fixed assets respectively. As for purchased buildings and structures, the related prices are distributed between land use right and the buildings. If it is difficult to distribute them reasonably, all of them shall be disposed as fixed asset.

As for intangible assets with a limited service life, the accumulative amount after deducting the expected net residual value and the accrued impairment provisions with original value since the serviceable date, it is amortized with the straight-line method within the expected service life. Intangible assets with undetermined service life will not be amortized.

Among them, the service life and amortization method of intangible assets of intellectual property right are as follows:

Item	Amortization period (years)	Amortization method
Land use right	43-50	Straight-line method
Software	2-10	Straight-line method
Trademark use right	10	Straight-line method

At the end of each period, the service life of intangible assets with limited service life and the amortization method for them will be rechecked. Changes of them will be regarded as changes of accounting estimate. In addition, the service life of intangible assets with undetermined service life will be rechecked. If there is evidence manifesting that an intangible asset can bring economic benefits for the enterprise within a foreseeable period, then its service life will be estimated and it will be amortized according to the amortization policy for intangible assets with limited service life.

(2) R&D expenditure

Expenditures on the internal R&D items of the Group are divided into research expenditure and development expenditure.

Research expenditure is included into the current profits and losses at the time of occurrence.

Development expenditure that can meet the following conditions will be recognized as intangible assets, while those cannot meet will be included into the current profits and losses.

- Complete the intangible asset so as to make the use or sale of it technically feasible;
- Have the intention to complete the intangible asset and use or sell it;
- The way that an intangible asset generates economic benefits is to certify that the products produced with the intangible asset has market or the intangible asset itself has market, or to certify its usability when it will be used internally;
- There are enough technology, financial resources and other resources to support finishing the development of an intangible asset, and it is capable of using or selling this intangible asset;
- Expenditure within the development stage of this intangible asset can be measured reliably.

If it is unable to distinguish the research expenditure from development expenditure, both R&D expenditures will be included into the current profits and losses.

(3) Impairment test method and counting and withdrawing method of the impairment provision of intangible assets

See more details about the impairment test method and the withdrawing method of impairment provision of intangible asset in

Note (IV) 21 "Impairment of Long-term Assets".

20. Long-term unamortized expense

Long-term unamortized expenses are expenses that have occurred but shall be borne during the reporting period and subsequent periods with a sharing period of more than one year. Long-term unamortized expenses of the Group mainly include improvement expenditure of fixed assets leased for operation. Long-term unamortized expenses are amortized on a straight-line basis over the expected benefit period.

21. Impairment of long-term assets

As for fixed assets, construction in progress, right-of-use assets, intangible assets with a limited service life, investment properties measured by cost measurement, long-term unamortized expenses, and non-current and non-financial assets such as the long-term equity investment and goodwill of subsidiaries, joint ventures and associated enterprises, the Group shall determine whether there is any sign of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount shall be estimated and impairment test shall be carried out. Goodwill, intangible assets with uncertain service life and intangible assets that have not reached the serviceable state, whether there is any sign of impairment, shall be subject to impairment test every year.

If the impairment test result shows that the recoverable amount of assets is lower than the book value thereof, impairment provision shall be accrued according to the difference and included into impairment losses. The recoverable amount shall be determined as the net amount obtained by the fair value of asset - disposal expense, or as the present value of the estimated future cash flow of asset, whichever is higher. The fair value of the asset is determined according to the price in the sales agreement in the fair transaction; if there is no sales agreement but there is an active market of assets, the fair value is determined according to buyer's price of the asset; if there is no sales agreement and an active market of assets does not exist, the fair value of assets shall be estimated based on the best information obtained. The disposal expenses include the legal fees related to the asset disposal, relevant taxes, carriage expenses as well as direct expenses for achieving the marketable state status. The present value of the expected future cash flow of assets shall be determined by the discounted amount by an appropriate discount rate, on the basis of the expected future cash flow generated during the continuous usage and final disposal of assets. The impairment provision shall be calculated and recognized on the basis of the single asset. If it is hard to estimate the recoverable amount of the single asset, the recoverable amount of the asset group shall be determined according to the asset group by the asset group to which the asset belongs. Asset group refers to the minimum asset portfolio that is capable of generating cash inflow independently.

For the goodwill separately presented in the financial statements, during the impairment test, the book value of goodwill shall be apportioned to the asset group or asset group portfolio expected to be benefited from the synergistic effect of enterprise merger. If the test results show that the recoverable amount of the asset group or asset group portfolio containing the apportioned goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss firstly offsets the book value of goodwill apportioned to the asset group or asset group portfolio, and then offsets the book value of other assets in proportion according to the proportion of the book value other than goodwill in the asset group or asset group portfolio.

Once the above-mentioned asset impairment losses are recognized, the part of which can be recovered shall not be reversed in subsequent periods.

22. Contract liabilities

Contract liabilities refer to the obligation of the Group to transfer commodities to customers for the received or receivable consideration from customers. In the event that the customer has paid the contractual consideration or the Group has obtained the unconditional collection right before it transfers the commodities to customers, the Group shall present the received or receivable account as contract liabilities with regard to the actual payment by customers and the due payment, whichever happens earlier. Contract

assets and liabilities under the same contract are listed in net amount, and those under different contracts shall not be offset.

23. Employee remuneration

The Group's employee remuneration mainly includes short-term employee remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Including:

Short-term employee remuneration mainly includes salary, bonus, allowance and subsidy, employee benefits expense, medicare premium, maternity premium, occupational injuries premium, housing accumulation fund, labor union expenditure, personnel education fund, non-monetary benefit, etc. During the accounting period in which the Group's employees provide services for the Group, actual short-term employee remuneration incurred shall be recognized as the liabilities and included into the current profits and losses or relevant asset costs. And the non-monetary benefits shall be measured at fair value.

Post-employment benefit mainly includes basic endowment insurance, unemployment insurance, and annuity. The plan of post-employment benefit includes the defined contribution plan. In case that the defined contribution plan is adopted, corresponding amount which shall be deposited will be included into the relevant asset costs or current profits and losses at the time of occurrence.

Labor relation with employees shall be cancelled before the employee's labor contract expires, or suggestion on giving compensation shall be proposed for the purpose of encouraging employees to voluntarily accept downsizing. When the Group cannot unilaterally withdraw termination benefits provided for cancellation of labor relation plan or downsizing suggestion and on the date when the Group confirms the cost related to restructuring involving payment of termination benefits, whichever is the earlier, the employee remuneration liabilities caused by termination benefits shall be recognized and included into the current profits and losses. However, if it is expected that the termination benefits cannot be fully paid within twelve months after the annual reporting period is over, it shall be handled according to other long-term employee remuneration.

The same principle for termination benefits described above shall be adopted for the plan of employee internal retirement. Staff salary and social insurance premium to be paid by the Group for the early retired employee from the date of stopping providing services to the date of normal retirement are included into the current profits and losses (termination benefit) if the estimated liabilities recognition conditions are met.

In case other long-term employee welfares provided by the Group for employees meet defined contribution plan, accounting treatment shall be performed based on defined contribution plan; otherwise, accounting treatment pursuant to defined benefit plan shall be carried out.

24. Estimated liabilities

If the obligation related to contingencies satisfies the following conditions at the same time, the Group shall recognize it as the estimated liabilities: ① This obligation is the current obligation undertaken by the Group; ② Performance of this obligation may make economic benefits flow out of the enterprise; ③ Amount of this obligation can be reliably measured.

On the balance sheet date, consider the risks, uncertainty, time value of money and other factors related to contingencies, conduct measurement for estimated liabilities subject to the optimal estimate value of expenditures needed for the fulfillment of the related existing responsibilities.

The necessary expenditure has a contiguous range, and within this range, all kinds of results have the same possibility to occur. The optimal estimate is determined according to the median of this range. In other circumstances, the optimal estimate is treated as below:

- If the contingency involves with a single item, then the optimal estimate will be determined based on the amount that is most likely to occur.
- If the contingency involves with several items, then the optimal estimate will be determined based on all possible results and their probabilities.

If all or part of the expenditure necessary for paying off estimated liabilities is compensated by the third party, the compensation

amount shall be confirmed separately as an asset when confirming it may be recovered. Confirmed compensation amount shall not exceed the book value of estimated liabilities.

(1) Loss contract

The loss contract refers to a contract whose performance of the contractual obligations will inevitably incur costs in excess of the expected economic benefits. When an enforceable contract becomes a loss contract, for which the liability can conform to the aforesaid estimated liabilities confirmation conditions, confirm the part the estimated losses of the contract surpass the confirmed impairment loss (if any) of the underlying asset in the contract as estimated liability.

(2) Restructuring obligations

It shall determine the estimated liabilities amount according to the direct expenditures related to the restructuring which has detailed, formal and publicly stated restructuring plan and which are in line with the confirmation conditions of the aforesaid estimated liabilities. The restructuring obligation related to partially-sold business will be recognized to be the associated obligation only when the Group promises to sell partial businesses (namely, signs the binding-force sales agreement).

25. Share-based payment

(1) Accounting treatment of share-based payment

A share-based payment is a transaction that grants the equity instruments or assumes a liability determined on the basis of the equity instruments in order to obtain services from employees or other parties. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

(a) Equity-settled share-based payment

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value with the equity instruments granted to the employees at the grant date. The amount of the fair value is included into the relevant cost or expense based on the optimal estimate of the number of vesting equity instruments in case of completing the service within the waiting period or meeting the required performance conditions; when the vesting right is granted immediately, the relevant cost or expense is included on the grant date according to the straight-line method, and the capital reserves shall be increased accordingly.

On each balance sheet date during the waiting period, the Group makes the optimal estimate based on the latest information such as the change in the number of employees with vesting rights, and corrects the number of equity instruments that are expected to be vested. The impact of the above estimates is included into the current relevant cost or expense, and the capital reserves shall be adjusted accordingly.

In the case of equity-settled share-based payments in exchange for other parties' services, if the fair value of other parties' services can be reliably measured, the fair value of other parties' services is measured at the fair value on the date of acquisition; if the fair value of other parties' services cannot be reliably measured, but the fair value of equity instruments can be measured reliably, it shall be measured at the fair value of the equity instrument on the acquisition date, and is included into the relevant cost or expense, and increases the shareholders' equities accordingly.

(b) Cash-settled share-based payment

The cash-settled share-based payment is measured at the fair value of the liabilities determined by the Group based on shares or other equity instruments. If the vesting right is granted immediately after the grant, the relevant cost or expense will be included on the grant date, and the liabilities increased accordingly; if the service within the waiting period must be completed or the required performance conditions are met, the fair value of the liabilities assumed by the Group is based on the optimal estimate of the vesting rights on each balance sheet date of the waiting period. The services obtained in the current period are included into the cost or expense, and the liabilities are increased accordingly.

The fair value of the liability is re-measured at the balance sheet date and the settlement day before the settlement of the relevant liabilities, and the change shall be included into the current profits and losses.

(2) Accounting treatment related to the modification and termination of share-based payment plan

When the Group modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the fair value of the equity instruments is recognized accordingly. The increase of the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after the modification on the modification day. If the modification reduces the total fair value of the share-based payment or adopts other methods that are not conducive to the employee, the service obtained will continue to be accounted for, as if the change has never occurred, unless the Group cancels some or all of the equity instruments granted.

During the waiting period, if the granted equity instrument is cancelled, the Group will cancel the granted equity instrument as an accelerated exercise, and the amount to be recognized in the remaining waiting period will be immediately included into the current profits and losses, and the capital reserves shall be recognized at the same time. If the employee or other party can choose to meet the non-vesting conditions but fails to meet in the waiting period, the Group will treat it as a cancellation of the equity instrument.

(3) Accounting treatment of the share-based payment transactions involving the Group and the shareholders or actual controllers of the Company

For share-based payment transaction involving the Group or the Company's shareholders or actual controller, if either settlement enterprise or enterprise accepting service is inside the Group or outside the Group, the accounting treatment shall be conducted in the consolidated financial statements of the Group according to the following regulations:

-Where the settlement enterprise makes calculation by its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; in addition, it shall be handled as a cash-settled share-based payment.

-If the settlement enterprise is an investor of a service enterprise, it shall be recognized as the long-term equity investment of the service enterprise according to the fair value of the equity instrument at the grant date or the fair value of the liability to be assumed, and the capital reserves (other capital reserves) or liabilities shall be recognized.

-If the enterprise accepting service has no settlement obligation or it grants its own equity instrument to the enterprise employees, such share-based payment transaction shall be treated as the equity-settled share-based payment treatment; If the enterprise accepting service has a settlement obligation and the equity instruments granted to the enterprise employees are not its own equity instrument, such share-based payment transaction shall be treated as the cash-settled share-based payment.

The share-based payment transactions between the enterprises within the Group, if the acceptance services enterprise and the settlement enterprise are not the same enterprise, and the confirmation and measurement of the share-based payment transaction in individual financial statements of the acceptance service enterprise and the settlement enterprise shall be compared with the above principles.

26. Revenue

Accounting policies adopted for revenue recognition and measurement

Revenue is the total inflow of economic benefits that the Group has formed in its daily activities that will result in an increase in shareholders' equities and has nothing to do with the capital invested by shareholders. Where the contract between the Group and its customers can meet the following conditions at the same time, the revenue shall be confirmed when the customer owns the relevant control right of the commodity (including labor service, the same below): all concerned parties have approved the contract and promised to fulfill their respective obligations; the contract has specified rights and obligations of each concerned party related to commodity transfer or labor provision; the contract has clear payment terms related to the transferred commodities; the contract is of the commercial essence, which means that performance of the contract will change the risk, time distribution or amount of future cash flow of the Group; the consideration that the Group is entitled to obtain due to the transfer of commodities to customers is likely to be recovered. To obtain the control right of relevant commodities means to be able to lead the use of the commodities and obtain almost all economic benefits therefrom.

On the beginning date of the contract, the Group identifies the individual performance obligation specified in the contract and amortizes the transaction price to each individual performance obligation based on the relative proportion of the individual sales price

of the commodity guaranteed in individual performance obligation. Variable consideration, significant financing part in the contract, non-cash consideration, customer consideration payable, etc. have been taken into account the transaction price.

For contracts with quality assurance clauses, the Group analyzes the nature of the quality assurance provided by them. If the quality assurance provides a separate service in addition to assuring customers that the commodities sold meet the established standards, the Group regards it as a single performance obligation.

Transaction price is the consideration amount the Group is expected to be entitled to receive for the transfer of commodities or services to customers, excluding payments received on behalf of third parties. The transaction price recognized by the Group does not exceed the amount for which it is highly probable that the accumulated recognized revenue will not be reversed significantly when the relevant uncertainty is eliminated.

As for each individual performance obligation in the contract, if one of the following conditions is met, the Group shall confirm the transaction price which is amortized into the individual performance obligation based on the performance progress within a relevant performance period as the revenue: the customer obtains and consumes the economic benefits while the Group fulfills the performance obligation; the customer manages to control the commodities in process while the Group fulfills the performance obligation. Commodities produced during the performance period have irreplaceable purposes and the Group has the right to receive payment for the performance part which has been completed so far during the entire contract period. The performance progress shall be confirmed based on the nature of commodities transferred by virtue of the input method or the output method. When the performance progress cannot be confirmed reasonably, if it is predicted that the incurred cost of the Group can be compensated, the revenue shall be confirmed based on the incurred cost amount until the performance progress can be confirmed reasonably.

If one of the above conditions cannot be met, the Group confirms the transaction price amortized to the individual performance obligation at the time when the customer obtains the control right of relevant commodities as the revenue. When judging whether the customer has obtained the control right of the commodity, the Group can consider the following signs: the enterprise has the current collection right of the commodity, namely the customer is responsible for current payment obligation of the commodity; the enterprise has transferred the legal ownership of the commodity to the customer, namely the customer has possessed the legal ownership of the commodity; the enterprise has transferred the real commodity to the customer, namely the customer has possessed the real commodity; the enterprise has transferred main risks and rewards of the commodity to the customer, namely the customer has obtained the main risks and rewards related to the ownership of the commodity; the customer has accepted the commodity; other signs indicating that the customer has obtained the control right of the commodity.

For sales with sales return clauses, when customers obtain control over related commodities, the Group recognizes revenue according to the consideration amount expected to be received due to the transfer of commodities to customers (i.e., excluding the amount expected to be refunded due to sales return), and recognizes liabilities as per the amount expected to be refunded due to sales return. Simultaneously, according to the expected book value of the returned commodities at the time of transfer, the balance after deducting the expected cost of recovering the commodities (including the impairment of the value of the returned commodities) is recognized as an asset, and the net cost of the above assets is carried forward according to the book value of the transferred commodities at the time of transfer. On each balance sheet date, the Group re-estimates the future sales returns, and if there is any change, it will be treated as a change in accounting estimates.

Supor's selling of commodities such as cooking utensils and small domestic appliance is a type of performance obligation at a certain time point, of which the revenue is recognized when the control over the commodities has been transferred to the customer. According to the agreement in the sales contract, Supor mainly recognizes the control over commodity as having been transferred to the customer and recognizes relevant commodity revenue when such commodity has left Supor's warehouses or its specified warehouses, delivered to the customer with acceptance receipt issued, or such commodity has been delivered on board to the sea transport carrier with the customs declaration for export and bill of lading obtained.

27. Contract cost

The incremental cost incurred by the Group to obtain the contract and expected to be recovered shall be recognized as an asset as the contract acquisition cost. However, if the amortization period of the asset does not exceed one year, it shall be included into the current profits and losses at the time of occurrence.

In the event that the cost incurred for the performance of the contract does not fall within the scope of the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017) and meets the following conditions at the same time, it shall be recognized as an asset as the contract performance cost: ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs borne by the customer and other costs only incurred by the contract; ② The cost increases the Group's resources to fulfill its performance obligations in the future; ③ The cost is expected to be recovered.

Assets recognized for contract acquisition cost and assets recognized for contract performance cost (hereinafter referred to as "assets related to contract cost") shall be amortized on the same basis as the revenue recognition of commodities or services related to such assets and included into current profits and losses.

Where the book value of assets related to contract costs is higher than the difference between the following two items, the Group shall withdraw the impairment provisions of the excess part and recognize it as the asset impairment loss:

- Residual consideration expected to be obtained arising from the transfer of commodities or services related to the assets by the Group;
- Cost estimated to be occurred for the transfer of the relevant commodities or services.

28. Government subsidies

Government subsidies refer to monetary assets and non-monetary assets obtained by the Group from the government, excluding the capital invested by the government as the investor with enjoying corresponding owners' equities. Government subsidies are divided into government subsidies concerning assets and government subsidies concerning benefits. The government subsidy that is obtained by the Group used for purchasing or acquisition and construction, or forming the long-term assets by other ways, which is confirmed the government subsidies concerning assets; Other government subsidies shall be defined as the government subsidies concerning benefits. If the government document does not clear the subsidy object, the subsidies will be divided based on the following modes into government subsidies concerning benefits and government subsidies concerning assets: ① If the particular item of the subsidies is clear in the government document, it shall make a division according to the relative proportion of expense amount of the formed assets in the budget of the particular item and the expense amount included into the cost, review the division ratio at each balance sheet date and make changes if necessary; ② In the government document, for general terms only for the purpose without specifying the particular item, it will be used as the government subsidies concerning benefits. If government subsidies are monetary assets, they shall be measured according to the amount received or receivable. If not, they shall be measured according to their fair value; if their fair value cannot be reliably obtained, they shall be measured according to their nominal amount. The government subsidies measured by the nominal amount shall be directly included into the current profits and losses.

When the Group actually receives the government subsidies, it shall be recognized and measured as the amount received. However, for the end of the period, there are conclusive evidences that it can meet the relevant conditions stipulated by the financial support policy, and it is expected that the financial support funds can be received, it shall be measured according to the amount receivable. The government subsidies measured as the amount receivable shall comply with the following conditions: ① The subsidy receivable has been recognized by the competent government department, or may be reasonably calculated according to the relevant provisions of the formally published financial fund management method, and the estimated amount is free of significant uncertainty; ② It is based on the initiatively published financial support project by the local financial department and its financial fund management method in accordance with the regulations of the Decree of Government Information Openness, and this management method shall be favorable

to the public (any enterprise qualified can apply), not just to the specified companies; ③ The relevant subsidy documents have clearly promised the appropriation period, and the appropriation of this fund shall be safeguarded by the relevant financial budget, so it can be reasonably guaranteed that it can be received within the specified period; ④ Other relevant conditions that shall be satisfied (if any) based on the specific circumstances of the Group and the grant.

If the government subsidies concerning assets are recognized as deferred incomes and are included into the current profits and losses by installments in a reasonable and systematic way within the service life of underlying assets. Government subsidies concerning benefits used to compensate future relevant costs or losses will be recognized as deferred income, and included into the current profits and losses during the period when the related costs or losses are recognized; those used to compensate relevant costs or losses that have occurred will be included into the current profits and losses directly.

At the same time, it includes the government subsidies related to assets and incomes, and separates different parts for accounting treatment; for those hard to be differentiated, it shall be taken as government subsidies concerning benefits as a whole.

The government subsidies concerning daily activities of the Group shall be included into other incomes, or used to offset the relevant costs according to the economic business nature. government subsidies not concerning daily activities will be included into the non-operating income and expenditure.

If the government subsidies confirmed need to be returned and there is the deferred income balance concerned, the book balance of relevant deferred incomes shall be offset against, but the excessive part shall be included into the current profits and losses; In other circumstances, they shall be included into the current profits and losses directly.

29. Deferred income tax assets/deferred income tax liabilities

(1) Current income taxes

On the balance sheet date, the current income tax liabilities (or assets) formed in the current period and previous periods shall be measured by the expected amount of income tax payable (or returnable) calculated in accordance with the provisions of the tax law. The taxable income on which the current income tax expenses are calculated shall be calculated after the corresponding adjustment of the pre-tax accounting profit in the current reporting period in accordance with the relevant tax law.

(2) Deferred income tax assets and deferred income tax liabilities

The difference between the book value of some assets and liabilities and their tax bases, and the temporary difference caused by the difference between the book value of the items that are not recognized as assets and liabilities but whose tax bases can be determined according to the tax law, shall be used to recognize deferred income tax assets and deferred income tax liabilities with the balance sheet liability method.

For taxable temporary differences related to the initial confirmation of goodwill and related to the initial recognition of assets or liabilities arising from transactions that are neither enterprise merger nor affect accounting profit and taxable income (or deductible loss) at the time of occurrence, the relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to the investments of subsidiaries, associated enterprises and joint ventures, if the Group can control the time of reversal of the temporary differences, and the temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liabilities shall not be recognized. Except for the above exceptions, the Group shall recognize all other deferred income tax liabilities incurred in the taxable temporary differences.

For deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither enterprise merger nor affect accounting profit and taxable income (or deductible loss) at the time of occurrence, the relevant deferred income tax assets shall not be recognized. In addition, for the deductible temporary differences related to the investment of subsidiaries, associated enterprises and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or it is not likely to obtain the taxable income used to offset the deductible temporary differences in the future, the relevant deferred income tax assets shall not be recognized. Except for the above exceptions, the Group shall recognize the deferred income tax assets arising from other deductible temporary differences to the extent that taxable income is likely to be obtained for deducting the

deductible temporary differences.

For deductible losses and tax deductions that can be carried down in subsequent years, the corresponding deferred income tax assets shall be recognized with the limit of the future taxable income which is likely to be obtained for deducting the deductible losses and tax deduction.

Deferred income tax assets and deferred income tax liabilities shall be calculated on the balance sheet date based on the applicable tax rate during the period of expected recovery of relevant assets or clearing off relevant liabilities according to tax laws.

On the balance sheet date, it is required to recheck the book value of the deferred income tax assets. If sufficient taxable income is not likely to be obtained for deducting the interest of deferred income tax assets in the future, the book value of deferred income tax assets shall be written down. When it is very likely to obtain enough taxable income the write-down amount shall be reversed.

(3) Income tax expenses

The income tax expenses comprise the current income tax and deferred income tax.

Moreover, the other current income tax and deferred income tax expenses or earnings shall be included into the current profits and losses, except for book value of goodwill which is adjusted on the basis of the deferred income tax caused by the enterprise merger, and that the current income tax and the deferred income taxes related to other comprehensive incomes or transaction or affairs of direct recording in the shareholders' equities are included into other comprehensive incomes or shareholders' equities.

(4) Offset of income tax

When it has the legal rights of settlement based on the net amount and it intends to make settlement based on net amount, obtain assets or offset liabilities simultaneously, the current income tax assets and current income tax liabilities of the Group shall be presented based on the net amount after offsetting.

When it has the legal rights of settling the current tax assets and current income tax liabilities based on the net amount, and the deferred income tax assets and deferred income tax liabilities are related to income tax levied to the same subject of tax payment by the same tax collection and administration department or are related to different taxpayer, but in each important period of deferred income tax assets and liabilities reverse in the future, and when the involved taxpayer intend to settle the current income tax assets and liabilities based on the net amount or obtain assets and pay off the liabilities at the same time, the Group's deferred income tax assets and deferred income tax liabilities shall be presented after offsetting.

30. Lease

Lease refers to a contract in which it is agreed that the lessor transfers the use right of assets to the lessee to get corresponding consideration within a certain period.

The Group evaluates whether the contract is used for lease or includes the lease on the contract commencement date. Where either party thereto assigns one or more use rights of the recognized assets under its control in a certain period to get consideration, the contract is a lease or includes a lease.

In order to determine whether the contract transfers the right of controlling the use of an identified asset for a certain period of time, the Group conducts the following assessment:

- Whether the contract involves the use of the identified asset. The identified asset may be explicitly specified by the contract, or implicitly specified when the asset is available for use by the customer, and the asset is physically distinguishable, or in the event that any production capacity of the asset or other part of the asset is physically indistinguishable, but it substantially represents the full capacity of the asset, and thus enables the customer to have access to almost all the economic benefits arising from the use of the asset. If the supplier of the asset has the substantial right of replacing the asset throughout the period of use, then the asset is not attributed to an identified asset;
- Whether the lessee has the right to acquire almost all the economic benefits arising from the use of the identified asset during the period of use;
- Whether the lessee has the right to direct the use of the identified asset during the period of use.

If the contract contains multiple separate leases at the same time, the lessee and lessor will split the contract and have each separate lease separately subject to accounting treatment. If the contract includes lease and non-lease parts at the same time, the lessee and the lessor will split them separately.

(1) Lessee

At the beginning date of the lease term, the Group recognizes the right-of-use asset and lease obligation of the lease. The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease obligation, the lease payment paid at or before the beginning date of the lease term (less the amount of lease incentives already granted), the initial direct expenses incurred, and the costs expected to be incurred to demolish and remove the leased asset, restore the site where the leased asset is located or restore the leased asset to the state agreed upon in the provisions of the lease.

The Group employs the straight-line method to depreciate right-of-use assets. If the ownership of the leased assets can be reasonably confirmed to be obtained upon expiry of the lease term, the depreciation of leased assets shall be withdrawn by the Group during the remaining service life thereof; Otherwise, the leased asset is depreciated during the shorter of the lease term and the remaining service life of the leased asset. Impairment provisions for right-of-use assets shall be made in accordance with the accounting policies described in Note (V) 21 "Impairment of long-term investment".

The lease obligation is initially measured at the present value of the lease payment that has not been paid at the beginning date of the lease term, and the discount rate is the implicit rate of the lease. If the implicit rate of the lease cannot be determined, the incremental borrowing rate of the Group shall be adopted as the discount rate.

The Group calculates the interest expense of the lease obligation for each period of the lease term at a fixed periodic interest rate, which is included into the current profits and losses or relevant asset costs. The variable lease payment not included into the measurement of lease obligations will be included into the current profits and losses or relevant asset costs when it actually occurs.

In case of any of following circumstances after the beginning date of the lease term, the Group will remeasure lease obligations at the present value of the lease payment after any change:

- Where the amount payable anticipated changes according to the guaranteed residual value;
- Where the index or ratio used for recognizing the lease payment changes;
- Where there is a change in the Group's assessment results of the option of purchase, renewal option or option of termination of lease or the actual exercising of the termination of the renewal option or option of termination of lease is inconsistent with the original assessment result.

When the lease obligation is measured anew, the Group will adjust the book value of right-of-use assets accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease obligation still needs to be further reduced, the Group will include the remaining amount in the current profits and losses.

The Group chooses not to confirm the right-of-use asset and lease obligation for short-term lease (with a lease term not exceeding 12 months) and low-value asset lease as well as includes related lease payment into the current profits and losses or relevant asset costs in each period within the lease term pursuant to the straight-line method.

(2) The Group as the lessor

At the beginning date of the lease term, the Group divides leases into financing and operating leases. Financing lease refers to a lease in which almost all the risks and rewards related to the ownership of the leased asset are essentially transferred, regardless of whether the ownership is finally transferred or not. The operating lease refers to the other leases except for the financing lease.

The Group, as the lessor, provides classification of subleases based on the right-of-use assets created by the original lease rather than the underlying assets of the original lease. If the original lease is a short-term lease and the Group chooses to apply the simplified treatment of the above short-term lease to the original lease, then the Group classifies the sublease as an operating lease.

Under financing leases, at the beginning date of the lease term, the Group confirms financing lease receivables for financing lease and derecognizes the financial leasing assets. The Group regards the net investment in a lease as the entry value of financing lease receivables at the time of initial measurement of financing lease receivables. The net investment in a lease is the sum of the present value of unguaranteed residual value and lease receipt not received yet on the beginning date of the lease term which is subject to

discounting at the interest rate implicit in the lease term.

The Group calculates and recognizes the Interest revenue in each period within the lease term according to a fixed periodic rate. The derecognition and impairment of financing lease receivables shall be treated in accordance with the accounting policies described in Note (V) 9 Financial Instruments and 10 Financial Assets Impairment. The variable lease payment which is not included into the net investment in a lease shall be included into current profits and losses when it actually occurs.

The lease receipts of operating lease are confirmed as rent revenue in each period within the lease term in light of straight-line method. The Group capitalizes the initial direct expenses incurred in connection with operating leases, apportioned them over the lease term on the same basis as the rent revenue recognition, and recorded into the current profits and losses by stages. The variable lease payment which is not included into the lease receipt shall be included into current profits and losses when it actually occurs.

31. Related parties

If one party controls or jointly controls the other party or imposes significant impact on the other party, and two or more parties are controlled or jointly controlled by one party, these parties are related parties. Related party can be individual or enterprise. An enterprise that is only controlled by the state but does not have other related party relationships does not constitute a related party.

In addition, the Company also determines the Group or related parties of the Company in accordance with the Administrative Measures for the Disclosure of Information of Listed Companies promulgated by the CSRC.

32. Segment reporting

Please refer to XVI, 1 "Segment Information" for details of accounting policies related to segment reporting.

33. Other important accounting policies and estimates

(1) Repurchased shares

If the Group reduces its capital by acquiring the shares of the Company with approval, then it shall reduce equities according to the total amount of the face value of cancelled shares, and adjust owners' equities according to the difference between the price paid to purchase shares back (including transaction cost) and the face value of shares. The part exceeding the total face value shall be used to write down capital reserve (share capital premium), surplus reserve and undistributed profit. If the price is lower than the total face value, then the part lower shall be added with capital reserve (share capital premium).

Shares repurchased by the Group shall be managed as treasury shares before they are cancelled or transferred; total expenditure of repurchased shares shall be transferred as the cost of treasury shares.

When treasury shares are transferred, the part higher than their cost shall be transferred to increase capital reserve (share capital premium); the part lower than the cost of treasury shares shall write down capital reserve (share capital premium), surplus reserve and undistributed profit in sequence.

If the Group repurchase shares for the reason of equity incentive, it shall treat all expenses on shares repurchase as treasury shares while repurchasing and make registration for future reference.

(2) Hedge accounting

Some financial instruments are used as hedging tools by the Group to avoid certain risks. For those hedges meeting requirements specified, the Group will deal with them by hedge accounting method. The hedge of the Group is fair value hedge. The hedge for foreign exchange risk of firm commitment is used as fair value hedge by the Group.

The hedging tool and the hedged item are formally specified by the Group at the beginning of hedge with written documents about the hedging relationship, risk management strategy and risk management objectives. In addition, the hedge effectiveness will be

assessed continuously by the Group from the beginning of hedge.

(a) Fair value hedging

The gains or losses from the hedging tool specified as fair value hedge with qualification are included into the current profits and losses. Otherwise, the gains and losses from non-transactional equity instruments (or their components) measured at the fair value with their changes included into other comprehensive incomes are included into other comprehensive income. The gains or losses formed from the hedging risks of the hedged item shall be included into the current profits and losses and the book value of the confirmed hedged items not measured at fair value shall be adjusted simultaneously. The gains or losses from the hedged item that are measured at fair value are included into the current profits and losses and other comprehensive income without book value adjusting.

The hedge accounting is terminated when the hedging relationship is revoked by the Group, the hedging tool is expired or sold, the contract is terminated or exercised, or the condition is out of qualification.

(3) Fair value measurement

Fair value, refers to the price that market participant can obtain or needs to pay after selling an asset or transferring a liability, among the orderly transactions made on the measurement date. The Group measures relevant asset or liability and considers the characteristics of this asset or liability at fair value; supposes the selling of assets or transfer of liabilities by market participant are orderly transaction under current market conditions; supposes the orderly selling of assets or transfer of liabilities are carried out in the main market of relevant assets or liabilities; supposes the transaction is made in the most favorable market for relevant assets or liabilities when there is no main market. The Group adopts the assumptions that market participants use to maximum their economic benefits when they price assets or liabilities.

The Group judges whether the fair value at initial recognition equals to its transaction price according to transaction nature and the characteristics of relevant assets or liabilities; if the transaction price is not equal to the fair value, relevant gains or losses will be included into the current profits and losses, unless otherwise specified by relevant accounting standards.

The Group adopts the valuation technique that is applicable to the current situation and has enough available data and other information to support. Mainly used valuation techniques include market approach, income approach and cost method. In the application of valuation techniques, relevant observable input values shall be used first, and unobserved input values can only be used when relevant observable input values cannot be obtained or it is not feasible to obtain them.

Input values used by the Group for fair value measurement is divided into 3 levels. The first level of input values will be used first, and then the second level and the third level. First level of input values are the quotations of same assets or liabilities that can be obtained on the measurement date and are not adjusted in the active market; the second level of input values are the direct or indirect observable input values of relevant assets or liabilities other than the first level of input values; the third level of input values are the unobservable input values of relevant assets or liabilities.

The Group measures non-financial assets with fair value, considers market participant's ability to use this asset in the best way to generate economic benefits, or the ability to sell this asset to other market participants who can use this asset in the best way to generate economic benefits. To measure a liability with fair value, the Group supposes this liability is transferred to other market participants on the measurement date, and further exists after transfer, and the market participant, who is the transferee, performs obligations. To measure one's own equity instrument with fair value, suppose this equity instrument is transferred to other market participants on the measurement data, and further exists after transfer, and the market participant, as the transferee, obtains relevant rights to this instrument and undertakes corresponding obligations.

34. Change of important accounting policies and estimates

(1) Change of important accounting policies

√ Applicable □ Not-applicable

Content and reasons for changes in accounting policies

In the year of 2021, the Group implemented the following Accounting Standards for Business Enterprises issued by the Ministry of Finance in recent years and abided by the implementation Q&A and cases of the Accounting Standards for Business Enterprises released by the Ministry of Finance in 2021, mainly including:

- Accounting Standards for Business Enterprises No. 21 -- Leasing (Revision) (CK [2018] No.35) ("New Lease Standards")

- Regulations on Accounting Treatment of Rent Reduction Pertaining to COVID-19 Pandemic (CK [2020] No.10) and the Notice on Adjusting the Scope of Application of the <Regulations on Accounting Treatment of Rent Reduction Pertaining to COVID-19 Pandemic> (CK [2021] No.9)

- Interpretation of Accounting Standards for Business Enterprises No.14 (CK [2021] No.1) ("Interpretation No.14")

- Provisions on "related presentation for centralized management of funds" of the Interpretation of Accounting Standards for Business Enterprises No. 15 (CK [2021] No.35) ("Interpretation No.15")

(a) New Lease Standards

The New Lease Standards revises the Accounting Standards for Business Enterprises No. 21 -- Leasing issued by the Ministry of Finance in 2006 (hereinafter referred to as the "Original Lease Standards"). The Group has implemented the New Lease Standards and adjusted the relevant accounting policies since January 1, 2021.

The New Lease Standards perfects the definition of lease, and the Group assesses whether a contract is a lease contract or involves any lease according to the definition of lease under the New Lease Standards. For contracts that existed before the first implementation date, the Group chose not to reassess whether they were leases or included leases on the first implementation date.

- The Group as the lessee

Under the Original Lease Standards, the Group classifies leases into financing leases and operating leases based on whether a lease substantially transfers all risks and rewards in relation to the ownership of assets to the Group.

Under the New Lease Standards, the Group no longer distinguishes between financing leases and operating leases. The Group recognizes the right-of-use assets and lease obligations for all leases (except for short-term leases and low-value asset leases that are subject to the simplified treatment).

In the case of splitting the leased and non-leased parts of a contract, the Group apportions the contract consideration in proportion to the sum of the separate price of each leased part and the sum of the separate price of each non-leased part.

The Group chose to adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year when the New Lease Standards were first implemented based on the cumulative impact of the first implementation of the New Lease Standards, instead of adjusting the comparable period information.

As for the operating lease having existed before the first implementation date, the Group measures the lease obligations on the first implementation date according to the remaining lease payment and the present value subject to discounting as per the incremental borrowing rate of the lessee on the first implementation date as well as the right-of-use assets in line with the following methods:

- Essential adjustments shall be conducted to the amount equivalent to lease obligation in accordance with advance rental payment.

The Group adopts this method for all other leases.

For operating leases prior to the first implementation date, the Group has adopted the following simplified treatment in addition to applying the above-mentioned method:

- The lease that will be completed within 12 months after the first implementation date is regarded as the short-term lease for disposal;

- The same discount rate is applied for the leases with similar characteristics when calculating the lease obligation;

- The measurement of right-of-use assets excludes the initial direct expense;

- If there is an option to renew or terminate the lease, the lease term shall be determined according to the actual exercise of the option before the first implementation date and other latest conditions;

- As an alternative to the impairment test of right-of-use assets, adjust the right-of-use assets based on the loss reserve amount of the loss contracts which are included in the balance sheet in accordance with the Accounting Standards for Business Enterprises No.13

- Contingencies prior to the first implementation date;

- For lease changes that occurred before the beginning of the year when the New Lease Standards were first implemented, no retrospective adjustment shall be made, and accounting treatment shall be carried out according to the New Lease Standards based on the final arrangement of lease changes.

As for the financing lease having existed before the first implementation date, the Group respectively measures the right-of-use assets and lease obligations on the first implementation date according to the original book value of financing leased-in assets and financial leasing payables;

- The Group as the lessor

The Group does not need to adjust the amount of retained earnings and other related items in the financial statements for leases in which the Group is the lessor at the beginning of the year when the New Lease Standards are initially executed. The Group will conduct accounting treatment in accordance with the New Lease Standards from the first implementation date.

Under the New Lease Standards, the Group apportions the contract consideration between each lease component and each non-lease component in accordance with the provisions of the New Revenue Standards pertaining to transaction price apportionment.

- The impact of the implementation of the New Lease Standards on January 1, 2021 on the financial statements

In measuring the lease obligations, the Group discounts the lease payment by the incremental borrowing rate as at 1 January 2021.

(2) Change of important accounting estimates

☐ Applicable ☒ Not-applicable

(3) Adjustment of related items in the financial statements at the beginning of the year from 2021 following the first implementation of the New Lease Standards

☒ Applicable ☐ Not-applicable

Whether to adjust the balance sheet account at the beginning of the year

☒ Yes ☐ No

Consolidated balance sheet

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjustment amount
Current assets:			
Monetary capital	1,719,785,919.04	1,719,785,919.04	
Settlement reserve			
Loans to other banks			
Transactional financial assets	115,992,105.03	115,992,105.03	
Derivative financial assets			
Notes receivable	245,053,093.69	245,053,093.69	
Accounts receivable	2,228,302,318.44	2,228,302,318.44	
Receivables financing	321,162,886.99	321,162,886.99	
Advance payment	179,491,969.23	179,491,969.23	
Premiums receivable			
Reinsurance accounts receivable			

Reinsurance contract reserve receivable			
Other receivables	40,164,877.32	40,164,877.32	
Including: interest receivable			
Dividend receivable			
Reverse-REPO financial assets			
Inventories	2,409,298,690.29	2,409,298,690.29	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	2,857,567,546.59	2,857,567,546.59	
Total current assets	10,116,819,406.62	10,116,819,406.62	
Non-current assets:			
Loans and advances granted			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	64,448,318.46	64,448,318.46	
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets	1,228,535,067.85	1,228,535,067.85	
Construction in progress	47,175,324.72	47,175,324.72	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		179,810,097.27	179,810,097.27
Intangible assets	461,801,363.50	461,801,363.50	
Development expenditures			
Goodwill			
Long-term unamortized expenses	1,621,068.83	1,621,068.83	
Deferred income tax assets	371,869,834.73	371,869,834.73	
Other non-current assets			
Total non-current assets	2,175,450,978.09	2,355,261,075.36	179,810,097.27
Total assets	12,292,270,384.71	12,472,080,481.98	179,810,097.27
Current liabilities:			

Short-term borrowings			
Central bank loan			
Loans from others			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	3,252,438,690.98	3,252,438,690.98	
Advances received			
Contract liabilities	850,983,303.37	850,983,303.37	
Proceeds from sale of repurchase financial assets			
Deposit taken and interbank deposit			
Proceeds from security transaction agency			
Proceeds from security underwriting agency			
Employee remuneration payable	311,346,204.07	311,346,204.07	
Taxes payable	170,298,793.36	170,298,793.36	
Other payables	94,521,442.67	94,521,442.67	
Including: interest payable			
Dividend payable			
Handling fee and commission payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		30,183,843.07	30,183,843.07
Other current liabilities	356,888,937.14	356,888,937.14	
Total current liabilities	5,036,477,371.59	5,066,661,214.66	30,183,843.07
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred share			
Perpetual bond			
Lease obligation		149,626,254.20	149,626,254.20
Long-term payables			
Long-term employee remuneration payable	2,611,773.09	2,611,773.09	
Estimated liabilities	15,150,000.00	15,150,000.00	

Deferred incomes			
Deferred income tax liabilities	1,307,250.00	1,307,250.00	
Other non-current liabilities			
Total non-current liabilities	19,069,023.09	168,695,277.29	149,626,254.20
Total liabilities	5,055,546,394.68	5,235,356,491.95	179,810,097.27
Owners' equities:			
Share capital	821,083,860.00	821,083,860.00	
Other equity instruments			
Including: Preferred share			
Perpetual bond			
Capital reserves	226,859,041.81	226,859,041.81	
Minus: treasury share	412,206,786.34	412,206,786.34	
Other comprehensive incomes	-39,031,832.57	-39,031,832.57	
Special reserve			
Surplus reserve	401,648,181.64	401,648,181.64	
General risk reserve			
Undistributed profit	6,202,587,444.38	6,202,587,444.38	
Total owners' equities belonging to parent company	7,200,939,908.92	7,200,939,908.92	
Minority shareholders' equities	35,784,081.11	35,784,081.11	
Total owners' equities	7,236,723,990.03	7,236,723,990.03	
Total liabilities and owners' equities	12,292,270,384.71	12,472,080,481.98	179,810,097.27

Balance sheet of parent company

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjustment amount
Current assets:			
Monetary capital	231,835,282.92	231,835,282.92	
Transactional financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	510,885,126.45	510,885,126.45	
Receivables financing	900,000.00	900,000.00	
Advance payment	38,361,493.94	38,361,493.94	
Other receivables	1,150,442,198.95	1,150,442,198.95	
Including: interest receivable			

Dividend receivable	925,000,000.00	925,000,000.00	
Inventories	194,675,071.48	194,675,071.48	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	2,213,511,482.40	2,213,511,482.40	
Total current assets	4,340,610,656.14	4,340,610,656.14	
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	3,008,554,335.68	3,008,554,335.68	
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets	166,649,151.50	166,649,151.50	
Construction in progress	1,766,027.25	1,766,027.25	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		4,678,536.86	4,678,536.86
Intangible assets	86,662,225.85	86,662,225.85	
Development expenditures			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets	15,677,698.08	15,677,698.08	
Other non-current assets			
Total non-current assets	3,279,309,438.36	3,283,987,975.22	4,678,536.86
Total assets	7,619,920,094.50	7,624,598,631.36	4,678,536.86
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	274,242,165.79	274,242,165.79	

Advances received			
Contract liabilities	11,023,695.88	11,023,695.88	
Employee remuneration payable	60,005,114.93	60,005,114.93	
Taxes payable	27,034,245.54	27,034,245.54	
Other payables	4,504,048,304.12	4,504,048,304.12	
Including: interest payable			
Dividend payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		1,150,345.59	1,150,345.59
Other current liabilities	1,433,080.47	1,433,080.47	
Total current liabilities	4,877,786,606.73	4,878,936,952.32	1,150,345.59
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred share			
Perpetual bond			
Lease obligation		3,528,191.27	3,528,191.27
Long-term payables			
Long-term employee remuneration payable	235,263.62	235,263.62	
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	235,263.62	3,763,454.89	3,528,191.27
Total liabilities	4,878,021,870.35	4,882,700,407.21	4,678,536.86
Owners' equities:			
Share capital	821,083,860.00	821,083,860.00	
Other equity instruments			
Including: Preferred share			
Perpetual bond			
Capital reserves	666,767,326.32	666,767,326.32	
Minus: treasury share	412,206,786.34	412,206,786.34	
Other comprehensive incomes			
Special reserve			

Surplus reserve	410,621,980.00	410,621,980.00	
Undistributed profit	1,255,631,844.17	1,255,631,844.17	
Total owners' equities	2,741,898,224.15	2,741,898,224.15	
Total liabilities and owners' equities	7,619,920,094.50	7,624,598,631.36	4,678,536.86

(b) CK [2020] No.10 and CK [2021] No.9

The Regulations on Accounting Treatment of Rent Reduction Pertaining to COVID-19 Pandemic (CK [2020] No.10) provides a simplified method for rent reduction directly caused by the pandemic, provided that certain conditions are met. For simplified method chosen by the enterprise, there is no need to assess whether there is a lease change or reassess the lease classification. In line with the provisions of CK [2021] No.9, the rent reduction period under the simplified method is specific for the lease payment payable before June 30, 2022.

The adoption of the above requirements has not had a significant impact on the financial condition and operating results of the Group.

(c) Interpretation No.14

Interpretation No.14 comes into force as of January 26, 2021 ("Implementation Date").

(i) Government and social capital cooperation project

Interpretation No.14 and PPP Project Contract Social Capital Party Accounting Treatment Implementation Q&A and Application Cases have clarified the characteristics and conditions of the government and social capital cooperation (PPP) project contract, and stipulated the specific accounting treatment and disclosure requirements of the social capital party to the PPP project contract. The content of "how to deal with the participation of enterprises adopting the Build-Operate-Transfer (BOT) mode" in the Interpretation No.2 for the Accounting Standards for Business Enterprises (CK [2008] No.11) shall be abolished simultaneously.

(ii) Benchmark interest reform

Interpretation No.14 sets out the accounting treatment and disclosure requirements relating to modifications to financial instruments and lease obligations resulting from the benchmark interest rate reform.

The adoption of this explanation has not had a significant impact on the financial condition and operating results of the Group.

(d) Provisions on "related presentation for centralized management of funds" of the Interpretation No.15

The Provisions on the "related presentation for centralized management of funds" of Interpretation No.15 came into force as of December 30, 2021.

The adoption of the Interpretation No.5 doesn't create a significant impact on the Group's financial condition and the disclosure of the Group's operating results and financial statements.

(4) Explanation of retrospective adjustment of previous comparative data when the New Lease Standards are implemented for the first time from 2021

☐ Applicable ☒ Not-applicable

34. Others

VI. Taxes

1. Main taxes and tax rates

Tax	Tax base	Tax rate
VAT	The taxable revenue from sales of commodities or	Taxable income is calculated at output tax rates of

	rendering of services	0, 6%, 9%, and 13%, and VAT is calculated based on the difference after deducting the input tax allowable for the current period.
Urban maintenance and construction tax	VAT payable	7%
Enterprise income tax	Taxable income	Enterprise income tax rate is 25%. Shaoxing Supor is taxed at a preferential tax rate of 15%, the overseas subsidiary GSIM at 22%, Vietnam Supor and AFS at 20%, and SEADA at 17%.
Education surcharge	VAT payable	3%
Local education surcharge	VAT payable	2%
Housing property tax	1.2% of the residual value after deducting 30% of the original value of the property is calculated and paid in case of ad valorem; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%, 12%

2. Tax preferential policies

Pursuant to GKHZ [2020] No. 32 document, Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. renewed the hi-tech enterprise qualification in 2019 and is entitled to enjoy the preferential tax rate of 15% for the three-year period starting from January 1, 2019.

VII. Notes to items of consolidated financial statements

1. Monetary capital

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	71,122.80	77,763.80
Cash in bank	2,420,563,810.46	1,640,815,217.66
Other monetary capitals	233,417,484.21	78,892,937.58
Total	2,654,052,417.47	1,719,785,919.04
Including: deposited overseas	78,040,992.57	45,224,958.42

Other remarks

Note: 1) As at December 31, 2021, The bank deposit with restricted use is RMB 263,468.43 (December 31, 2020: RMB 0) for the branch bank account cancellation and it is frozen, the rest bank deposit with RMB 242,300,342.03 is not restricted.

2) As at December 31, 2021, other monetary capitals at the end of the period include RMB 150,545,967.12 (December 31, 2020: RMB 0) of the security for restricted acceptance bills, RMB 1,511,302.86 (December 31, 2020: RMB 0) of the security for e-commerce platforms of Kwai, Alipay, TikTok and others, RMB 58,000,000.00 (December 31, 2020: RMB 64,000,000.00) of the security for the deposits of the advance payment financing business, and RMB 23,360,214.23 (December 31, 2020: RMB 14,892,937.58) of the

non-restricted currency funds of the Alipay wallet, JD wallet, TikTok wallet, securities settlement accounts, futures settlement accounts and Youzan account, etc.

3) As at December 31, 2021, the monetary capital deposited by the Group in Vietnam amounts to RMB 72,031,237.91 (December 31, 2020: equivalent to RMB 39,980,054.04) ; the monetary capital deposited in Singapore amounts to RMB 2,195,848.27 (December 31, 2020: equivalent to RMB 1,735,862.02) ; the monetary capital deposited in Indonesia amounts to RMB 3,813,906.39 (December 31, 2020: equivalent to RMB 3,509,042.36) .

2. Transactional financial asset

Unit: RMB

Item	Closing balance	Opening balance
Financial assets measured at the fair value with their changes included into the current profits and losses.	180,312,742.31	115,992,105.03
Including:		
- Short-term financial products	180,312,742.31	115,992,105.03
Total	180,312,742.31	115,992,105.03

Other remarks:

As at December 31, 2021, the financial assets measured at the fair value with their changes included into the current profits and losses are the financial products purchased by the Company and Shaoxing Supor, amounting to RMB 180,000,000.00 (December 31, 2020: RMB 115,003,018.00) . These financial products with floating income, and linked to interest rates and exchange rates, etc., and the corresponding gains from changes in fair value, i.e. RMB 312,742.31 (December 31, 2020: RMB 989,087.03) , are recognized at the end of the current period of 2021.

3. Notes receivable

(1) Details on categories

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	54,879,357.24	246,284,516.27
Minus: Provision for bad debts		-1,231,422.58
Total	54,879,357.24	245,053,093.69

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										
Notes receivable for	54,879,3	100.00%			54,879,35	246,284,5	100.00%	1,231,422.5	0.50%	245,053,0

provision made on the basis of portfolio	57.24				7.24	16.27		8		93.69
Including:										
Portfolio: bank acceptance bill	54,879,357.24	100.00%			54,879,357.24	246,284,516.27	100.00%	1,231,422.58	0.50%	245,053,093.69
Total	54,879,357.24	100.00%			54,879,357.24	246,284,516.27	100.00%	1,231,422.58	0.50%	245,053,093.69

Explanation of the basis for determining such portfolio:

If provision for bad debts for notes receivable is made based on the general model of expected credit losses, please disclose the relevant information about the provision for bad debts with reference to the disclosure of other receivables:

☐ Applicable ☒ Not-applicable

(2) Provisions made, collected or reversed in current period

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	
bank acceptance bill	1,231,422.58		1,231,422.58			
Total	1,231,422.58		1,231,422.58			

Wherein, important amounts of provision for bad debts collected or reversed in the current period:

☐ Applicable ☒ Not-applicable

(3) Notes receivables that the Company has pledged at the end of the period

As of December 31, 2021, the Group had no notes receivable pledged (December 31, 2020: None).

(4) Endorsed or discounted notes receivable undue at the balance sheet date at the end of the year

Item	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance bill		53,979,357.24
Total		53,979,357.24

By December 31, 2021, Supor's undue and endorsed notes receivable of CNY 53,979,357.24 have not been recognized as notes transferred to the suppliers to settle the amount payable. This is mainly because that, according to the management, the risks and remunerations attached to the ownership of the notes have not been actually transferred. The book values of the said undue notes receivable approximate their fair values. The said undue notes receivable will get mature within 1 year.

(5) Notes the Company transfers to accounts receivable due to the drawer's failure to perform the contract at the end of the period

As at December 31, 2021, the Group has not any notes transferred to accounts receivable due to non-performance of drawers.
(December 31, 2020: None)

4. Accounts receivable

(1) Details on categories

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivable for provision made on an individual basis	4,523,328.43	0.16%	4,523,328.43	100.00%		5,971,263.60	0.26%	5,971,263.60	100.00%	
Including:										
Accounts receivable for provision made on the basis of portfolio	2,834,428,535.98	99.84%	117,482,550.65	4.14%	2,716,945,985.33	2,334,500,756.23	99.74%	106,198,437.79	4.55%	2,228,302,318.44
Including:										
Portfolio 1: age portfolio	2,751,659,068.87	96.92%	117,399,781.18	4.27%	2,634,259,287.69	2,274,399,056.02	97.17%	106,138,336.09	4.67%	2,168,260,719.93
Portfolio 2: low-risk portfolio	82,769,467.11	2.92%	82,769.47	0.10%	82,686,697.64	60,101,700.21	2.57%	60,101.70	0.10%	60,041,598.51
Total	2,838,951,864.41	100.00%	122,005,879.08	4.30%	2,716,945,985.33	2,340,472,019.83	100.00%	112,169,701.39	4.79%	2,228,302,318.44

Provision made on an individual basis:

Unit: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Provision proportion	Reasons
Customers A	4,523,328.43	4,523,328.43	100.00%	Full provisions are made as such receivables are with long age and estimated to be unrecoverable.
Total	4,523,328.43	4,523,328.43	--	--

Provision made on the basis of portfolio: Portfolio 1: age portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year (including 1 year)	2,748,344,763.89	116,487,974.68	4.24%
1-2 years (including 2 years)	1,922,370.60	153,789.65	8.00%
2-3 years (including 3 years)	732,619.67	109,892.95	15.00%
3-4 years (including 4 years)	21,770.61	10,885.31	50.00%
4-5 years (including 5 years)	1,527.54	1,222.03	80.00%
Over 5 years	636,016.56	636,016.56	100.00%
Total	2,751,659,068.87	117,399,781.18	--

Other remarks:

The expected credit loss rate is calculated upon the experience in actual credit loss, and adjusted based on the difference between the economy during the historic period of data collection, the current economy and the economy during the duration expected by Supor.

If provision for bad debts for accounts receivable is made based on the general model of expected credit losses, please disclose the relevant information about the provision for bad debts with reference to the disclosure of other receivables:

☐ Applicable ☒ Not-applicable

Disclosure by ages

Unit: RMB

Ages	Book balance
Within 1 year (including 1 year)	2,831,114,231.00
1-2 years (including 2 years)	1,922,370.60
2-3 years (including 3 years)	732,619.67
Over 3 years	5,182,643.14
3-4 years (including 4 years)	21,770.61
4-5 years (including 5 years)	1,527.54
Over 5 years	5,159,344.99
Total	2,838,951,864.41

Other remarks:

Aging is calculated from the date of confirmation of accounts receivable.

(2) Provisions made, collected or reversed in current period

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	

Provision for bad debts for accounts receivable	112,169,701.39	11,351,714.61		1,444,982.29	-70,554.63	122,005,879.08
Total	112,169,701.39	11,351,714.61		1,444,982.29	-70,554.63	122,005,879.08

Other remarks:

Decreased provision for bad debts of RMB 70,554.63 for conversion difference in foreign currency statement caused by the change in exchange rate.

(3) Accounts receivable actually written off in current period

Unit: RMB

Item	Amount
Accounts receivable actually written off	1,444,982.29

Including significant accounts receivable written off:

Unit: RMB

Debtors	Type of accounts receivable	Amount	Reason	Write-off procedures performed	Whether the amount was from related transactions
Customer B	Goods payment	1,438,020.17	Goods payment cannot be recovered because of the Company's capital chain rupture	Approval by the management	No
Customer C	Goods payment	6,962.12	Goods payment cannot be recovered because of the Company's capital chain rupture	Approval by the management	No
Total	--	1,444,982.29	--	--	--

(4) Accounts receivable details of the top 5 closing balances by debtors

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of provision for bad debts
SEB ASIA LTD.	1,997,332,966.57	70.35%	79,893,318.66
Customer D	214,960,062.25	7.57%	10,748,565.04
Customer E	36,810,347.12	1.30%	36,810.35
Customer F	34,274,550.29	1.21%	1,713,727.51
Customer G	34,011,748.24	1.20%	1,701,738.42
Total	2,317,389,674.47	81.63%	

5. Receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable	3,312,225.62	321,162,886.99
Total	3,312,225.62	321,162,886.99

Other remarks:

The Group endorses or discounts certain bank acceptance bills by the needs of day-to-day fund management. Taking into account of the amount and frequency of endorsement or discount of bank acceptance bills, the Group determines that the objective of such business model is to receive contractual cash flows and sell the notes receivable simultaneously, and therefore, such notes receivable are classified into financial assets measured at the fair value with their changes included into other comprehensive incomes, and presented as receivables financing.

As at December 31, 2021, the Group had no receivables financing pledged.

Changes in receivables financing and its fair value during the period

☐ Applicable ☒ Not-applicable

If impairment provision for receivables financing is made based on the general model of expected credit losses, please disclose the relevant information about the impairment provision with reference to the disclosure of other receivables:

☐ Applicable ☒ Not-applicable

Other remarks:

Endorsed or discounted notes receivable undue at the balance sheet date at the end of the year

Item	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance bill	3,203,133,907.71	
Total	3,203,133,907.71	

Other remarks:

In order to settle part of the payables, the Group endorses the equal amount of undue notes receivable to the suppliers, and the management of the Group considers that certain undue notes meet the conditions, that is, almost all risks and remuneration pertaining to ownership have been transferred and meanwhile the current obligations of the relevant payables have been fully discharged, thus the relevant notes and payables are derecognized. The possible greatest loss undertaken by the Group for the continued involvement therein is the amount of the undue notes receivable endorsed by the Group to suppliers. The term of the above-mentioned undue notes receivable is less than one year.

6. Advance payment

(1) Listing by ages

Unit: RMB

Ages	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year (including 1 year)	384,209,532.57	99.70%	175,117,389.18	97.56%

1-2 years (including 2 years)	988,460.68	0.26%	3,464,817.10	1.93%
2-3 years (including 3 years)	6,000.00	0.00%	81,000.00	0.05%
Over 3 years	163,869.60	0.04%	828,762.95	0.46%
Total	385,367,862.85	--	179,491,969.23	--

Other remarks:

Aging is calculated from the date of confirmation of accounts prepaid.

(2) Advance payment of the top 5 closing balances by prepayment objects

Debtors	Book balance	Proportion in the balance of advance payment (%)
Supplier A	67,455,455.62	17.50%
Supplier B	53,855,634.93	13.98%
Supplier C	45,021,782.77	11.68%
Supplier D	21,573,509.79	5.60%
Supplier E	17,296,319.86	4.49%
Subtotal	205,202,702.97	53.25%

7. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	12,159,756.67	40,164,877.32
Total	12,159,756.67	40,164,877.32

(1) Other receivables

1) Other receivables categorized by nature

Unit: RMB

Nature of receivables	Ending book balance	Beginning book balance
Deposit as security	9,533,739.58	10,302,950.94
Temporary payment receivable	2,817,399.32	4,542,600.72
Personal deposit	1,550,886.08	1,715,607.56
Tax refund receivable	1,237,370.65	28,009,943.88
Total	15,139,395.63	44,571,103.10

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss in future 12 months	Expected credit loss in the entire duration (without credit impairment)	Expected credit loss in the entire duration (with credit impairment)	
Balance on January 1, 2021	4,406,225.78			4,406,225.78
Balance on January 1, 2021 in the current period	—	—	—	—
Withdrawal in the current period	-1,312,144.79			-1,312,144.79
Write off in the current period	113,197.96			113,197.96
Other changes	-1,244.07			-1,244.07
Balance on December 31, 2021	2,979,638.96			2,979,638.96

Changes in book balance of loss provision due to significant changes in the current period

☐ Applicable ☒ Not-applicable

Disclosure by ages

Unit: RMB

Ages	Book balance
Within 1 year (including 1 year)	7,728,326.45
1-2 years	3,556,262.65
2-3 years	1,152,868.49
Over 3 years	2,701,938.04
3-4 years	925,011.29
4-5 years	137,666.00
Over 5 years	1,639,260.75
Total	15,139,395.63

3) Provisions made, collected or reversed in current period

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	
Provision for bad debts of other receivables	4,406,225.78	-1,312,144.79		113,197.96	-1,244.07	2,979,638.96
Total	4,406,225.78	-1,312,144.79		113,197.96	-1,244.07	2,979,638.96

Other remarks:

There is a decreased provision for bad debts of RMB 1,244.07 for conversion difference in foreign currency statement caused by the

change in exchange rate.

4) Other receivables actually written off in current period

Unit: RMB

Item	Amount
Other receivables actually written off	113,197.96

Including significant other receivables written off:

Unit: RMB

Debtors	Nature of other receivables	Amount	Reason	Write-off procedures performed	Whether the amount was from related transactions
Customer H	Deposit as security	100,000.00	Such receivables are with long age and estimated to be unrecoverable	Approval by the management	No
Customer I	Personal deposit	13,197.96	Such receivables are with long age and estimated to be unrecoverable	Approval by the management	No
Total	--	113,197.96	--	--	--

5) Other receivables of the top 5 closing balances by debtors

Unit: RMB

Debtors	Nature of receivables	Closing balance	Ages	Proportion in the total closing balance of other receivables	Closing balance of provision for bad debts
Customer J	Deposit as security	1,980,000.00	1-2 years	13.08%	158,400.00
Tax refund receivable	Tax refund receivable	1,237,370.65	Within 1 year	8.17%	
Customer K	Deposit as security	1,180,000.00	Within 1 year	7.80%	59,000.00
Customer L	Deposit as security	1,161,000.00	1-4 years	7.67%	121,550.00
Customer M	Temporary payment receivable	642,034.10	Within 1 year	4.24%	32,101.71
Total	--	6,200,404.75	--	40.96%	371,051.71

8. Inventory

Whether the Company needs to comply with the disclosure requirements of the real estate industry

No

(1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory depreciation reserve/impairment provision for contract performance cost	Book value	Book balance	Inventory depreciation reserve/impairment provision for contract performance cost	Book value
Raw materials	600,492,823.00	10,291,195.98	590,201,627.02	443,598,550.24	9,682,126.27	433,916,423.97
Unfinished products	106,157,761.25		106,157,761.25	88,143,574.46		88,143,574.46
Finished products	2,289,813,383.66	14,771,911.61	2,275,041,472.05	1,770,224,796.42	23,544,067.88	1,746,680,728.54
Low value consumables	107,094,627.93	29,787.94	107,064,839.99	125,665,146.86	22,954.76	125,642,192.10
Packing materials	18,051,355.02		18,051,355.02	14,915,771.22		14,915,771.22
Total	3,121,609,950.86	25,092,895.53	3,096,517,055.33	2,442,547,839.20	33,249,148.91	2,409,298,690.29

(2) Inventory depreciation reserve and impairment provision for contract performance cost

Unit: RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Accrued	Others	Reversal or write-off	Others	
Raw materials	9,682,126.27	5,012,003.59		4,388,329.70	14,604.18	10,291,195.98
Finished products	23,544,067.88	9,371,857.81		18,128,733.65	15,280.43	14,771,911.61
Low value consumables	22,954.76	6,833.18				29,787.94
Total	33,249,148.91	14,390,694.58		22,517,063.35	29,884.61	25,092,895.53

Other remarks:

There is a decreased inventory depreciation reserves of RMB 29,884.61 for conversion difference in foreign currency statement caused by the change in exchange rate.

9. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Return cost receivable	13,377,148.99	
Creditable VAT	171,398,751.97	141,716,798.32
Term deposit [note]	1,863,761,369.84	2,701,165,342.43
Others	6,490,111.83	14,685,405.84
Total	2,055,027,382.63	2,857,567,546.59

Note: Term deposits are for the purpose of earning interest, of which: the principal amount is RMB 1,700,000,000.00 (December 31, 2020: RMB 2,600,000,000.00) and the interest receivable is RMB 163,761,369.84 (December 31, 2020: RMB 101,165,342.43).

10. Other debt investments

Unit: RMB

Item	Opening balance	Interest accrued	Fair value changes in the current period	Closing balance	Cost	Cumulative changes of fair value	Loss provisions that are cumulatively determined in other comprehensive incomes	Remarks
Negotiable certificate of deposit		8,671,794.52		298,191,205.49	289,519,410.97			
Minus: Part due within one year								
Total		8,671,794.52		298,191,205.49	289,519,410.97			--

Other important debt investment

Unit: RMB

Other creditors' rights items	Closing balance				Opening balance			
	Face value	Coupon rate	Effective interest rate	Expiry date	Face value	Coupon rate	Effective interest rate	Expiry date
The Company - Bank of China negotiable certificate of deposit	40,000,000.00	3.85%	3.71%	March 24, 2024				
The Company - Bank of China negotiable certificate of deposit	60,000,000.00	3.85%	3.73%	April 16, 2024				
The Company - Bank of China negotiable	10,000,000.00	3.85%	3.80%	April 02, 2024				

certificate of deposit								
The Company - Bank of China negotiable certificate of deposit	60,000,000.00	3.85%	3.78%	March 25, 2024				
The Company - Bank of China negotiable certificate of deposit	20,000,000.00	3.85%	3.78%	April 9, 2024				
Shaoxing Supor Housewares - China Guangfa Bank negotiable certificate of deposit	100,000,000.00	3.60%	3.50%	February 8, 2024				
Total	290,000,000.00	——	——	--		--	--	--

Changes in book balance of loss provision due to significant changes in the current period

☐ Applicable ☒ Not-applicable

11. Long-term equity investment

Unit: RMB

Invested unit	Opening balance (Book value)	Increase/decrease								Closing balance (book value)	Closing balance of impairment provision
		Investment increased	Investment decreased	Investment profit or loss recognized by equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Accrued impairment provision	Others		
I. Joint ventures											
II. Associated enterprises											
Wuhan Anzai Cookware Co., Ltd.	64,448,318.46			1,152,293.18						65,600,611.64	
Subtotal	64,448,318.46			1,152,293.18						65,600,611.64	
Total	64,448,318.46			1,152,293.18						65,600,611.64	

12. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	1,291,902,992.54	1,228,535,067.85
Total	1,291,902,992.54	1,228,535,067.85

(1) Fixed assets

Unit: RMB

Item	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
I. Original book value:					
1. Opening balance	1,121,974,559.09	271,016,833.60	883,766,712.08	29,021,429.97	2,305,779,534.74
2. Increase	70,405,511.00	25,794,212.71	102,455,076.13	6,112,878.25	204,767,678.09
(1) Acquisition	5,705,125.15	21,389,271.42	52,586,930.51	6,112,878.25	85,794,205.33
(2) Transferred in from construction in progress	64,700,385.85	4,404,941.29	49,868,145.62		118,973,472.76
(3) Increase from enterprise merger					
3. Decrease	5,353,447.20	18,084,537.46	69,396,706.07	2,446,800.52	95,281,491.25
(1) Disposal or scrapping		18,084,537.46	69,396,706.07	2,446,800.52	89,928,044.05
(2) Transfer into construction in progress	5,353,447.20				5,353,447.20
4. Impact of change in exchange rate	-262,468.91	-61,139.70	-409,474.45	-37,839.01	-770,922.07
5. Closing balance	1,186,764,153.98	278,665,369.15	916,415,607.69	32,649,668.69	2,414,494,799.51
II. Accumulated depreciation					
1. Opening balance	293,608,517.90	184,445,073.65	577,991,985.07	21,198,890.27	1,077,244,466.89
2. Increase	39,015,175.59	25,964,350.64	56,638,365.58	7,209,526.19	128,827,418.00
(1) Provision	39,015,175.59	25,964,350.64	56,638,365.58	7,209,526.19	128,827,418.00
3. Decrease	1,052,993.30	17,522,707.05	62,382,217.48	2,233,491.91	83,191,409.74
(1) Disposal or scrapping		17,522,707.05	62,382,217.48	2,233,491.91	82,138,416.44
(2) Transfer into construction in progress	1,052,993.30				1,052,993.30
4. Impact of change in exchange rate	-66,653.27	-28,765.59	-175,443.93	-17,805.39	-288,668.18
5. Closing balance	331,504,046.92	192,857,951.65	572,072,689.24	26,157,119.16	1,122,591,806.97
III. Impairment provision					
1. Opening balance					
2. Increase					
(1) Provision					
3. Decrease					
(1) Disposal or scrapping					
4. Closing balance					

IV. Book value					
1. Closing book value	855,260,107.06	85,807,417.50	344,342,918.45	6,492,549.53	1,291,902,992.54
2. Opening book value	828,366,041.19	86,571,759.95	305,774,727.01	7,822,539.70	1,228,535,067.85

(2) Fixed assets with certificate of titles unsettled

Unit: RMB

Item	Book value	Reasons for unsettlement
Function dormitory of Shaoxing Supor	38,115,368.93	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.3 plant of Shaoxing Supor	28,156,933.04	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.1 plant of Shaoxing Supor	25,839,925.19	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.8 plant of Shaoxing Supor	30,478,662.47	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Function cafeteria of Shaoxing Supor	12,706,676.03	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.12 plant of Shaoxing Supor	12,765,864.25	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Transformer substation (35 kV) of Shaoxing Supor	3,448,224.86	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.13 plant of Shaoxing Supor	16,507,134.76	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.14 plant of Shaoxing Supor	25,164,802.41	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
No.15 plant of Shaoxing Supor	43,782,259.41	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Forklift charging room of Shaoxing Supor	943,236.17	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly

		certificate shall be processed uniformly
Generator room of P&R Products	3,212.89	Transfer procedures of land use right certificate are not settled due to land ownership issue
Water pump building and structures of P&R Products	132,735.40	Transfer procedures of land use right certificate are not settled due to land ownership issue
Extended plant for bakelite workshop of P&R Products	292,980.71	Transfer procedures of land use right certificate are not settled due to land ownership issue
Polishing workshop of P&R Products	132,480.00	Transfer procedures of land use right certificate are not settled due to land ownership issue
Workshop warehouse access canopy of Supor Kitchen & Electric Appliance	38,376.38	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Range hood laboratory civil engineering & utilities & ventilation of Supor Kitchen & Electric Appliance	69,266.06	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Forklift charging workshop of Supor Kitchen & Electric Appliance + Shaoxing Dingdi Construction	167,666.86	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Construction project of finished product warehouse and quality office area of Supor Kitchen & Electric Appliance	44,841.95	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Design and decoration project of indoor exhibition hall of Supor Kitchen & Electric Appliance	1,070,620.44	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Construction of water purifier & dust-free workshop of Supor Kitchen & Electric Appliance	677,997.68	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
High-voltage power distribution room of Supor Kitchen & Electric Appliance	5,808,285.06	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Stove warehouse of Supor Kitchen & Electric Appliance	19,625,267.50	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Dormitory of Supor Kitchen & Electric Appliance	24,704,924.74	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Underground water pump room of Supor Kitchen & Electric Appliance	1,862,859.33	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Reception room of Supor Kitchen & Electric	406,123.21	After all projects are completed, and the completion and

Appliance		settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Bottling storage room of Supor Kitchen & Electric Appliance	167,008.13	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
R&D workshop of Supor Kitchen & Electric Appliance	4,696,700.51	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Test workshop of Supor Kitchen & Electric Appliance	4,139,199.32	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Water purifier workshop of Supor Kitchen & Electric Appliance	19,252,306.70	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Kitchen workshop of Supor Kitchen & Electric Appliance	18,375,722.52	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Water purifier warehouse of Supor Kitchen & Electric Appliance	20,720,237.91	After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly
Total	360,297,900.82	

13. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	26,482,779.31	47,175,324.72
Total	26,482,779.31	47,175,324.72

(1) Details

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Piecemeal projects	18,462,190.40		18,462,190.40	1,434,572.23		1,434,572.23
Equipment payment	2,760,998.31		2,760,998.31	2,633,823.57		2,633,823.57
Zhejiang WMF factory project	5,259,590.60		5,259,590.60	42,141,328.92		42,141,328.92

Infrastructure project of Supor Kitchen & Electric Appliance				965,600.00		965,600.00
Total	26,482,779.31		26,482,779.31	47,175,324.72		47,175,324.72

(2) Changes in significant projects

Unit: RMB

Items	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumu lated investme nt to budget	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Including: amount of borrowing cost capitalization in current period	Annual capitaliza tion rate (%)	Capital source
Pieceme al projects		1,434,57 2.23	66,140,29 5.37	49,112,67 7.20		18,462,19 0.40						Self- owne d capita l
Equipme nt payment		2,633,82 3.57	7,399,619. 84	7,223,685. 10	48,760.00	2,760,998. 31						Self- owne d capita l
Zhejiang WMF factory project	248,276,5 13.76	42,141,3 28.92	24,789,77 2.14	61,671,51 0.46		5,259,590. 60	95.95%	95.95%				Self- owne d capita l
Infrastru cture project of Supor Kitchen & Electric Applian ce	138,980,0 00.00	965,600. 00		965,600.0 0			92.91%	100.00%				Self- owne d capita l
Total	387,256,5 13.76	47,175,3 24.72	98,329,68 7.35	118,973,4 72.76	48,760.00	26,482,77 9.31	--	--				--

Other remarks:

The project budget of RMB 248,276,513.76 for the Zhejiang WMF factory in Yuhuan City includes RMB 67,164,093.75 for the land use rights.

14. Right-of-use assets

Unit: RMB

Item	Buildings and structures	Land	Transport facilities	Total
I. Original book value:				
1. Opening balance	176,535,942.37	3,022,214.85	251,940.05	179,810,097.27
2. Increase	129,483,271.46			129,483,271.46
3. Decrease	78,877,889.90	24,382.30	251,940.05	79,154,212.25
4. Closing balance	227,141,323.93	2,997,832.55		230,139,156.48
II. Accumulated depreciation				
1. Opening balance				
2. Increase	45,829,027.87	91,907.42	34,311.74	45,955,247.03
(1) Provision	45,829,027.87	91,907.42	34,311.74	45,955,247.03
3. Decrease	11,310,422.94		34,311.74	11,344,734.68
(1) Disposal	11,310,422.94		34,311.74	11,344,734.68
4. Closing balance	34,518,604.93	91,907.42		34,610,512.35
IV. Book value				
1. Closing book value	192,622,719.00	2,905,925.13		195,528,644.13
2. Opening book value	176,535,942.37	3,022,214.85	251,940.05	179,810,097.27

15. Intangible assets

(1) Details

Unit: RMB

Item	Land use right	Trademark use right	Software	Total
I. Original book value				
1. Opening balance	474,790,174.77	47,328,811.32	74,923,626.55	597,042,612.64
2. Increase			12,304,349.36	12,304,349.36
(1) Acquisition			12,255,589.36	12,255,589.36
(2) In-house R&D				
(3) Increase from enterprise merger				
(2) Transferred in from			48,760.00	48,760.00

construction in progress				
3. Decrease			192,425.94	192,425.94
(1) Disposal			192,425.94	192,425.94
4. Impact of change in exchange rate	-40,560.24		-19,665.15	-60,225.39
5. Closing balance	474,749,614.53	47,328,811.32	87,015,884.82	609,094,310.67
II. Accumulated amortization				
1. Opening balance	78,429,977.62	23,619,355.65	33,191,915.87	135,241,249.14
2. Increase	9,980,600.38	4,732,881.12	7,064,523.86	21,778,005.36
(1) Provision	9,980,600.38	4,732,881.12	7,064,523.86	21,778,005.36
3. Decrease			103,482.60	103,482.60
(1) Disposal			103,482.60	103,482.60
4. Impact of change in exchange rate	-11,913.33		-10,411.29	-22,324.62
5. Closing balance	88,398,664.67	28,352,236.77	40,142,545.84	156,893,447.28
III. Impairment provision				
1. Opening balance				
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
4. Closing balance				
IV. Book value				
1. Closing book value	386,350,949.86	18,976,574.55	46,873,338.98	452,200,863.39
2. Opening book value	396,360,197.15	23,709,455.67	41,731,710.68	461,801,363.50

At the end of this period, the proportion of intangible assets formed through internal R&D in the balance of intangible assets is 0.00%.

16. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance
Improvement expenditure of fixed assets leased for operation	1,618,094.05	30,373.76	404,014.24	1,244,453.57	
System upgrading fees	2,974.78		1,400.00	1,574.78	
Total	1,621,068.83	30,373.76	405,414.24	1,246,028.35	

17. Deferred income tax assets/deferred income tax liabilities**(1) Un-offset deferred income tax assets**

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Impairment provision of assets	140,835,930.67	31,223,473.17	137,055,554.19	27,916,747.05
Profits not realized by internal transaction	65,189,056.55	16,265,944.20	65,376,639.52	14,880,554.90
Deductible losses	11,483,414.26	2,526,351.14	7,234,432.15	1,808,608.04
Accrued expenses	1,387,553,412.35	342,490,567.25	1,182,941,193.68	288,254,740.26
Accrued salary	55,679,676.14	13,919,919.04	63,707,084.13	15,921,976.44
Estimated liabilities	12,737,298.24	1,910,594.74	15,150,000.00	2,872,500.00
Share-based payment			101,741,322.65	18,238,979.12
Book-tax difference for depreciation of fixed assets	758,178.56	189,544.64	7,902,915.70	1,975,728.92
Expected returns	7,251,899.92	1,812,974.98		
Effect created by the New Lease Standards	2,601,983.12	635,171.05		
Total	1,684,090,849.81	410,974,540.21	1,581,109,142.02	371,869,834.73

(2) Deferred income tax liabilities before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Government subsidy for deferred tax			5,229,000.00	1,307,250.00
Total			5,229,000.00	1,307,250.00

(3) Deferred income tax assets or liabilities presented with net amount after offsetting

Unit: RMB

Item	Offsetting amount between deferred income tax assets and liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	Offsetting amount between deferred income tax assets and liabilities at the beginning of the period	Opening balance of deferred income tax assets or liabilities after offsetting

Deferred income tax assets		410,974,540.21		371,869,834.73
Deferred income tax liabilities				1,307,250.00

(4) Detail about unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	9,242,482.90	14,000,944.47
Deductible losses	22,983,929.59	15,232,878.42
Total	32,226,412.49	29,233,822.89

(5) Deductible losses of unconfirmed deferred income tax assets shall expire in the following years

Unit: RMB

Year	Closing amount	Opening amount	Remarks
2024	8,287,689.09	8,287,689.09	
2025	6,945,189.33	6,945,189.33	
2026	7,751,051.17		
Total	22,983,929.59	15,232,878.42	--

18. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Bank acceptance bill	500,250,000.00	
Total	500,250,000.00	

The closing balance is notes payable due within one year, and the amount of due unpaid notes payable is RMB 0.00 at the end of the current period.

19. Accounts payable**(1) Details**

Unit: RMB

Item	Closing balance	Opening balance
Goods payment	2,385,533,206.14	2,031,553,880.47
Equipment and engineering funds	74,164,020.84	89,607,493.88

Expenses payment	1,310,003,599.52	1,131,277,316.63
Total	3,769,700,826.50	3,252,438,690.98

Other remarks:

As at December 31, 2021, the Group had no significant accounts payable with an age of more than one year (December 31, 2020: None) .

20. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advances on sales	893,741,863.21	850,983,303.37
Total	893,741,863.21	850,983,303.37

Other remarks:

Contract liabilities mainly involve the advances received by the Group from the sales contracts with customers. The advances received were collected in accordance with the contracts. The revenues from the contracts will be recognized after the Group has fulfilled its performance obligations.

The amount with major changes in its book value during the reporting period and its reasons

Unit: RMB

Item	Variation amount	Variation reason
Advances on sales	-850,983,303.37	Including the revenue recognized by the amount of book value of contract liabilities at the beginning of the year
Advances on sales	893,741,863.21	The amount increased due to receipt of cash (excluding the amount recognized as revenue in the current year)
Total	42,758,559.84	--

21. Employee remuneration payable

(1) Details

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee remuneration	306,165,538.31	1,764,424,909.00	1,767,014,886.85	303,575,560.46
II. Post-employment benefits - defined contribution plan	4,427,720.20	102,382,538.32	97,736,506.97	9,073,751.55
III. Termination benefits	752,945.56	50,196,232.41	41,905,536.10	9,043,641.87
Total	311,346,204.07	1,917,003,679.73	1,906,656,929.92	321,692,953.88

(2) Details of short-term employee remuneration

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	274,927,689.02	1,587,200,630.75	1,600,725,971.70	261,402,348.07
2. Employee welfare fund	4,656,201.16	71,285,787.01	70,350,395.97	5,591,592.20
3. Social insurance premium	3,752,485.29	46,585,120.30	46,542,551.93	3,795,053.66
Include: Occupational injuries premium	158,262.44	2,829,528.17	2,756,663.69	231,126.92
Medical and maternity insurance premiums	3,594,222.85	43,755,592.13	43,785,888.24	3,563,926.74
4. Housing accumulation funds	213,252.59	34,323,557.93	34,536,810.52	
5. Trade union fund and employee education fund	22,615,910.25	25,029,813.01	14,859,156.73	32,786,566.53
Total	306,165,538.31	1,764,424,909.00	1,767,014,886.85	303,575,560.46

Other remarks:

On March 25, 2019, the General Office of the State Council released the Opinions on Comprehensively Promoting the Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees, which promotes the combined implementation of the two insurances.

(3) Details of defined contribution plan

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premium	4,278,032.52	99,300,813.83	94,661,272.33	8,917,574.02
2. Unemployment insurance premium	149,687.68	3,081,724.49	3,075,234.64	156,177.53
Total	4,427,720.20	102,382,538.32	97,736,506.97	9,073,751.55

(4) Termination benefit

The amount of termination benefits paid by the Group for the current year due to termination of labor relations is RMB 41,905,536.10 (December 31, 2020: RMB 1,167,860.94), and the outstanding amount payable at the end of the year is RMB 9,043,641.87 (December 31, 2020: RMB 752,945.56).

22. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	16,872,131.15	28,910,066.39
Enterprise income tax	211,061,366.37	114,039,273.09
Individual income tax	3,008,686.26	2,811,582.95

Urban maintenance and construction tax	2,435,989.79	6,097,175.54
Housing property tax	8,277,905.43	5,593,285.25
Land use tax	6,675,898.84	6,184,715.45
Stamp tax	4,014,935.73	2,328,212.57
Education surcharge	994,165.50	2,600,777.91
Local education surcharge	753,712.48	1,733,704.21
Total	254,094,791.55	170,298,793.36

23. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	110,605,272.21	94,521,442.67
Total	110,605,272.21	94,521,442.67

(1) Other payables

1) Listing by nature

Unit: RMB

Item	Closing balance	Opening balance
Deposit as security	72,599,903.25	69,481,978.83
Temporary receipts payable	25,902,507.85	12,564,334.50
Others	12,102,861.11	12,475,129.34
Total	110,605,272.21	94,521,442.67

24. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Lease obligations due within one year	29,191,343.78	30,183,843.07
Total	29,191,343.78	30,183,843.07

25. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Refund payable	20,629,048.91	

Endorsed bank acceptance bill unrecognized	53,979,357.24	246,284,516.27
Output tax to be written-off	115,201,977.22	110,604,420.87
Total	189,810,383.37	356,888,937.14

26. Lease obligations

Unit: RMB

Item	Closing balance	Opening balance
Long-term lease obligations	186,611,554.59	179,810,097.27
Minus: Lease obligations due within one year	-29,191,343.78	-30,183,843.07
Total	157,420,210.81	149,626,254.20

Other remarks

The Group also rents employee dormitories, temporary warehouses, etc. for a lease term up to one year, representing short-term leases. The Group has chosen not to recognize the right-of-use assets and lease obligations for these leases.

27. Long-term employee remuneration payable

(1) Details

Unit: RMB

Item	Closing balance	Opening balance
II. Termination benefits	1,903,631.69	2,611,773.09
Total	1,903,631.69	2,611,773.09

28. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reasons for the balance
Pending lawsuit	11,150,000.00	15,150,000.00	For details, please refer to Note XIV. "Commitments and Contingencies"
Financial guarantee contract	1,587,298.24		For details, please refer to Note XIV. "Commitments and Contingencies"
Total	12,737,298.24	15,150,000.00	--

29. Share capital

Unit: RMB

	Opening balance	Increase/decrease in the period (+, -)					Closing balance
		New shares	Shares	Converted	Others	Subtotal	

			bonus	capital			
Total shares	821,083,860.00				-12,405,384.00	-12,405,384.00	808,678,476.00

Other remarks:

The decrease in share capital in the current period is RMB 12,405,384.00, which refers to the repurchase and deregistration of 26,000 restricted shares from the separated equity incentive objects at the price of RMB 1 per share, resulting in the corresponding decrease of share capital in the amount of RMB 26,000.00. The 6th Session of the Seventh Board of Directors reviewed and passed the Proposal on Adjusting the Purpose of the Excessive Repurchased Public Shares, which deregistered 4,211,199 repurchased shares, and the share capital was correspondingly reduced by RMB 4,211,199.00. The Second Interim General Meeting of Shareholders in 2021 reviewed and passed the Proposal on Changing the Purpose of Repurchased Shares and the 6th Session of the Seventh Board of Directors and the First Interim General Meeting of Shareholders in 2021 reviewed and passed the Proposal on Repurchasing Certain Public Shares, which totally repurchased and deregistered 8,168,185 shares, and the share capital was correspondingly reduced by RMB 8,168,185.00.

30. Capital reserves

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	114,950,144.20	53,045,989.71	114,999,072.14	52,997,061.77
Other capital reserve	111,908,897.61	11,269,965.47	53,205,584.58	69,973,278.50
Total	226,859,041.81	64,315,955.18	168,204,656.72	122,970,340.27

Other remarks (including increase and decrease in current period and variation reason):

1) The share capital premium is increased by RMB 53,045,989.71, 2017 restricted stock incentive plan has been finished and other capital reserves recognized in the waiting period corresponding to the exercisable share-based payment are carried over to Capital premium.

The share capital premium is decreased by RMB 114,999,072.14, and ① refers to the Company's deregistration of 4,211,199 repurchased shares, and the difference between the price paid for the repurchased shares and the face value of the shares is adjusted to offset the capital reserve premium of RMB 114,950,144.20. ② The handling fee for share repurchase in the current period is RMB 48,927.94.

2) The increase of RMB 11,269,965.47 in other capital reserves in the current period refers to the equity-settled share-based payment amount of RMB 11,269,965.47 in the current period included in the capital reserve (other capital reserves), as detailed in Note XII "Description of Share-based Payment" to these financial statements.

Other capital reserves are reduced by RMB 53,205,584.58, ① the amount of pre-tax deductions allowed for share-based payments in the current period exceeds the costs and expenses related to share-based payments recognized by the accounting standards, and the income tax influence of RMB 159,594.87 for the part of excess is directly recorded in the capital reserves - other capital reserves, in which RMB -9,890,601.07 corresponds to the influence of deferred income tax assets and RMB 9,731,006.20 corresponds to influence of current income tax. ② 2017 restricted stock incentive plan has been finished and other capital reserves recognized in the waiting period corresponding to the exercisable share-based payment RMB 53,045,989.71 are carried forward to share capital premium.

31. Treasury share

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
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treasury share	412,206,786.34	483,890,912.23	819,937,801.32	76,159,897.25
Total	412,206,786.34	483,890,912.23	819,937,801.32	76,159,897.25

Other remarks (including increase and decrease in current period and variation reason):

1) The 14th Session of the Sixth Board of Directors of the Company reviewed and passed the Proposal on Repurchasing Certain Public Shares, the 2nd Session of the Seventh Board of Directors reviewed and passed the Proposal on Adjusting the Plan to Repurchase Certain Public Shares, and the 6th Session of the Seventh Board of Directors reviewed and passed the Proposal on Repurchasing Certain Public Shares. With the confidence in the Company's future development, in order to effectively protect the interests of shareholders and enhance investor confidence, and in consideration of the Company's overall financial condition, the Company planned to repurchase the Company's shares with self-owned capital for reducing registered capital and implementing equity incentive. The increase in the current period is that, during the reporting period, the Company repurchased 6,469,384 shares of the Company from the secondary market by way of centralized competitive bidding transactions, amounting to RMB 407,682,087.04, plus a repurchase handling fee of RMB 48,927.94.

The 10th Session of the Seventh Board of Directors of the Company reviewed and approved the Proposal on Repurchasing Certain Public Shares, and the Company intended to use self-owned capital to repurchase part of the public shares from the secondary market by way of centralized competitive bidding so as to implement the Restricted Stock Incentive Plan. In the current period, the Company repurchased 1,209,500 shares from the secondary market by way of centralized competitive bidding, amounting to RMB 76,150,757.24, plus a repurchase handling fee of RMB 9,140.01.

2) Treasury shares decreased by RMB 819,937,801.32 in the current period, ① the 2nd Session of the Seventh Board of Directors and the 2nd Session of the Seventh Board of Supervisors resolved that five incentive objects of the Company no longer met the incentive conditions because of their separation from the Company, and thus the Company repurchased and deregistered a total of 26,000 restricted shares at the price of RMB 1 per share, and the repurchase obligation was reduced by RMB 26,000 correspondingly. ② restricted shares granted under the 2017 restricted stock incentive plan: the unlocking conditions for unlock part in the fourth phase of first batch of shares granted and unlock part in the third phase of second batch of shares granted were satisfied, the corresponding number of shares is 1,430,200 shares and 199,000 shares respectively, so repurchase obligations was released by RMB 1,430,200.00 and RMB 199,000.00. ③ the Company deregistered 12,379,384 repurchased shares in the current period, amounting to RMB 818,233,673.38, plus a repurchase handling fee of RMB 48,927.94.

32. Other comprehensive incomes

Unit: RMB

Item	Opening balance	Amount incurred during this period						Closing balance
		Current period cumulative before income tax	Minus: Other comprehensive incomes carried forward transferred to profit or loss	Minus: Other comprehensive incomes carried forward transferred to retained earnings	Minus: Income tax expenses	Attributable to parent company	Attributable to non-controlling interest	

II. Other comprehensive incomes to be reclassified into the profit and loss	-	-				-	-	-
	39,031,832.57	2,741,304.66				2,490,709.03	250,595.63	41,522,541.60
Conversion difference in foreign currency financial statement	-	-				-	-	-
	39,031,832.57	2,741,304.66				2,490,709.03	250,595.63	41,522,541.60
Total of other comprehensive income	-	-				-	-	-
	39,031,832.57	2,741,304.66				2,490,709.03	250,595.63	41,522,541.60

33. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	401,648,181.64	356,924,811.32	401,648,181.64	356,924,811.32
Total	401,648,181.64	356,924,811.32	401,648,181.64	356,924,811.32

Description on surplus reserve, including increase/decrease in this period and reason for the change:

The increase in surplus reserve in the current period is the statutory surplus reserve accrued at the net profit realized by the parent company in the current period. Statutory surplus reserve will not be extracted, as statutory surplus reserve accumulatively extracted in this period reaches 50% of the parent company's registered capital. The decrease of surplus reserve in the current period is because of the Company's deregistration of 12,379,384 repurchased shares, where the amount of difference between the price paid for the repurchased shares and the face value of the shares is adjusted to offset the capital premium, and the insufficient part shall be used to offset the surplus reserve by RMB 401,648,181.64.

34. Undistributed profits

Unit: RMB

Item	Current period	Preceding period
Retained profits at period beginning after adjustment	6,202,587,444.38	5,443,671,509.58
Plus: Net profit attributable to owners of the parent company	1,943,943,608.94	1,846,221,538.10
Minus: withdrawal of statutory surplus reserve	356,924,811.32	
Ordinary share dividends payable	1,048,601,714.34	1,087,305,603.30
Offset of undistributed profits by share deregistration	289,255,963.54	
Undistributed profits at the end of the period	6,451,748,564.12	6,202,587,444.38

Adjustment of undistributed profits at period beginning:

- 1). Due to retroactive adjustment of Accounting Standards for Business Enterprises and relevant new regulations, undistributed profit at period beginning was changed by RMB 0.
- 2). Due to change of accounting policies, undistributed profit at period beginning was changed by RMB 0.
- 3). Due to rectification of important accounting errors, undistributed profit at period beginning was changed by RMB 0.
- 4). Due to change of merger scope resulted from same control, undistributed profit at period beginning was changed by RMB 0.

5). Due to other adjustment, undistributed profit at period beginning was changed by RMB 0.

35. Operating income/cost

Unit: RMB

Item	Amount incurred during this period		Amount incurred during prior period	
	Revenue	Cost	Revenue	Cost
Main business	21,372,524,970.07	16,446,814,570.16	18,446,255,753.22	13,547,127,633.39
Revenue from other operations	212,806,437.40	174,798,590.64	150,688,535.80	136,148,690.92
Total	21,585,331,407.47	16,621,613,160.80	18,596,944,289.02	13,683,276,324.31

Whether the net profit before or after non-recurring profit and loss are deducted, whichever is lower, is negative

☐ Yes ☒ No

Information related to revenue:

Unit: RMB

Contract classification	Total
Commodity type	
Including:	
Cookware and utensil	6,702,257,811.38
Electrical cooking	9,034,130,069.36
Food cooking appliance	3,563,543,509.79
Other domestic appliance	2,285,400,016.94
Classified by business area	
Including:	
Domestic	14,259,688,624.49
Foreign	7,325,642,782.98
Classified by the time of transfer of commodity	
Including:	
Revenue recognition at a certain time point	21,585,331,407.47

Information related to performance obligations:

None

Information related to the transaction price allocated to the remaining performance obligations:

The revenue corresponding to the performance obligations under signed contracts and pending for fulfillment or not completely fulfilled at the end of the current reporting period is RMB 893,741,863.21. Among them, RMB 893,741,863.21 is expected to be recognized in 2022.

36. Taxes and surcharges

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Urban maintenance and construction tax	40,321,696.20	48,646,472.21
Education surcharge	17,291,200.73	20,819,391.68
Housing property tax	11,059,149.84	6,928,818.81
Land use tax	3,182,999.64	5,435,825.29
Vehicle and vessel use tax	53,896.40	56,520.00
Stamp tax	9,899,325.25	8,099,242.13
Local education surcharge	11,558,151.43	13,311,637.39
Environmental protection tax	50,636.40	42,292.51
Total	93,417,055.89	103,340,200.02

Other remarks:

See Note V. Taxes for calculating standard of taxes and surcharges.

37. Sales expense

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Advertising, sales promotion, and special gift expenses	1,361,391,136.59	1,018,589,877.12
Transportation expenses		537,383,514.12
Employee remuneration	374,660,735.45	402,098,763.01
Office and business traveling expenses	112,141,689.26	103,567,782.36
Others	61,759,534.24	62,106,856.36
Total	1,909,953,095.54	2,123,746,792.97

38. Administrative expense

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Employee remuneration	250,016,795.57	170,493,478.95
Office, business traveling and depreciation and amortization expenses	88,063,375.90	78,468,591.54
Equity incentive expenses	11,269,965.47	26,624,450.90

Others	51,429,471.73	42,142,767.21
Total	400,779,608.67	317,729,288.60

39. R&D expense

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Employee remuneration	199,256,168.22	170,424,326.70
Trial production experiment cost and consumption expenditure	147,992,946.85	177,573,768.92
New product design cost	37,210,629.96	36,685,232.11
Patent and external institutional fees	45,321,522.66	41,488,843.86
Others	20,329,242.82	15,553,633.03
Total	450,110,510.51	441,725,804.62

40. Financial expenses

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Interest expense of loans and accounts payable	77,737.82	127,947.18
Interest revenue of deposits and receivables	-32,337,493.71	-30,205,969.81
Interest expense of lease obligations	9,999,166.62	
Gain or loss on net foreign exchange	9,569,135.05	20,026,412.59
Handling fee and other financial expenses	6,209,153.06	1,023,819.99
Total	-6,482,301.16	-9,027,790.05

41. Other incomes

(1) Classification of other income

Unit: RMB

Source of other revenues	Amount incurred during this period	Amount incurred during prior period	Amount included into non-recurring profit or loss of the current year
Government subsidies concerning daily activities	201,942,112.00	202,566,619.42	181,083,262.46
Refund of handling fee for withholding individual income tax	922,468.37	1,355,960.61	922,468.37
Total	202,864,580.37	203,922,580.03	182,005,730.83

(2) Government subsidies concerning daily activities

Unit: RMB

Subsidy item	Amount incurred during this period	Amount incurred during prior period	Related to assets/income
Project subsidy	28,741,236.55	52,368,264.19	Related to benefits
Government reward	152,331,864.95	143,904,800.00	Related to benefits
Tax returns	20,869,010.50	6,293,555.23	Related to benefits
Total	201,942,112.00	202,566,619.42	

42. Investment income

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Income from long-term equity investments under the equity method	1,378,149.04	2,317,080.57
Investment income from disposal of transactional financial assets	1,422,647.44	
Interest from term deposit	84,434,593.01	61,825,701.30
Investment income of debt investment during the holding period	3,650,461.93	
Total	90,885,851.42	64,142,781.87

43. Gains from changes in fair value

Unit: RMB

Resource for gains from changes in fair value	Amount incurred during this period	Amount incurred during prior period
Transactional financial assets	312,742.31	27,066,318.10
Total	312,742.31	27,066,318.10

44. Credit impairment loss

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Loss on bad debts of other receivables	1,312,144.79	-778,011.19
Accounts receivable	-11,351,714.61	-15,637,607.39
Notes receivable	1,231,422.58	-1,231,422.58
Financial guarantee contract	-1,587,298.24	
Total	-10,395,445.48	-17,647,041.16

45. Asset impairment loss

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
II. Loss on inventory depreciation and impairment loss of contract performance cost	-14,390,694.58	-15,906,888.84
Total	-14,390,694.58	-15,906,888.84

46. Assets disposal income

Unit: RMB

Source of assets disposal income	Amount incurred during this period	Amount incurred during prior period
Gains from disposal of fixed assets	-953,474.88	-652,216.55
Proceeds from the disposal of the right-of-use assets	848,095.20	
Total	-105,379.68	-652,216.55

47. Non-operating income

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period	Amount included into non-recurring profit or loss of the current period
Damage and scrapping gains of non-current assets	541,643.32	523,417.90	541,643.32
Including: Gains from scrap of fixed assets	541,643.32	523,417.90	541,643.32
Default fine revenue	2,180,618.19	4,170,684.36	2,180,618.19
Reversion of estimated liabilities	6,000,000.00	10,000,000.00	6,000,000.00
Others	5,177,029.42	3,895,697.54	5,177,029.42
Total	13,899,290.93	18,589,799.80	13,899,290.93

48. Non-operating expense

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period	Amount included into non-recurring profit or loss of the current period
Donation expenditures	2,855,363.00	6,649,272.15	2,855,363.00
Damage and scrapping loss of non-current assets	5,604,319.83	1,535,082.41	5,604,319.83
Including: Fixed assets retirement loss	5,604,319.83	1,535,082.41	5,604,319.83

Indemnity expenditure	2,000,000.00	4,000,000.00	2,000,000.00
Others	2,769,960.72	3,165,950.08	2,769,960.72
Total	13,229,643.55	15,350,304.64	13,229,643.55

49. Income tax expense

(1) Details

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Current period income tax expenses	494,712,607.62	369,435,679.23
Deferred income tax expenses	-50,302,556.55	-11,741,744.81
Total	444,410,051.07	357,693,934.42

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Item	Amount incurred during this period
Total profit	2,385,781,578.96
Income tax expenses based on statutory/applicable tax rate	596,445,394.74
Effect of different tax rate applicable to subsidiaries	-116,912,726.16
Effect of prior income tax reconciliation	6,767,910.99
Effect of non-taxable income	-344,537.26
Effect of non-deductible costs, expenses and losses	8,954,091.85
Effect of use of the deductible losses of unconfirmed deferred income tax assets in the prior period	-1,185,043.45
Effect of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	15,743,723.83
Deduction for the additional calculation of R&D expense	-58,181,014.40
Other effects such as deemed sales, and option incentives	-2,564,296.91
Effect of tax rate variation on deferred income taxes balance at the beginning of the period	-4,313,452.16
Income tax expenses	444,410,051.07

50. Other comprehensive incomes

Refer to Note 32 for details.

51. Notes to items of the consolidated cash flow statement**(1) Other cash receipts related to operating activities**

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Receipt of government subsidies	182,005,730.83	203,922,580.03
Receipt of deposit, security and staff reserve fund loan	933,932.84	1,020,162.59
Interest revenues	31,866,526.58	32,001,175.28
Receipt of Deposit security for advance payment financing	6,000,000.00	
Others	9,093,457.04	16,271,176.42
Total	229,899,647.29	253,215,094.32

(2) Other cash payments related to operating activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Cash payment for sales expense	960,641,231.27	1,253,893,366.86
Cash payment for administrative expenses	111,700,135.05	207,137,919.31
Cash payment for R&D expenses	251,058,723.03	279,777,880.38
Donations payment	2,855,363.00	6,649,272.15
Other payments	6,505,678.81	3,165,950.08
Total	1,332,761,131.16	1,750,624,388.78

(3) Other cash receipts related to investing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Recovery of financial products, and principal of term deposit	1,571,003,018.00	2,810,000,000.00
Total	1,571,003,018.00	2,810,000,000.00

(4) Other cash payments related to investing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
------	------------------------------------	-------------------------------------

Cash payment for financial products and term deposit	1,032,059,354.70	2,715,000,000.00
Total	1,032,059,354.70	2,715,000,000.00

(5) Other cash receipts related to financing activities

None

(6) Other cash payments related to financing activities

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Repurchase of shares and handling fees	483,916,912.23	409,198,732.53
Cash paid for repayment of lease obligation principal and interest	64,023,220.86	
Total	547,940,133.09	409,198,732.53

52. Supplement information to the cash flow statement**(1) Supplement information to the cash flow statement**

Unit: RMB

Supplement information	Amount of this period	Amount of prior period
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	1,941,371,527.89	1,842,624,762.74
Plus: Impairment provision of assets	14,390,694.58	15,906,888.84
Credit impairment loss	10,395,445.48	17,647,041.16
Depreciation of fixed assets, oil and gas assets, productive biological assets	128,827,418.00	113,112,981.12
Depreciation of right-of-use assets	45,955,247.03	
Amortization of intangible assets	21,778,005.36	18,570,582.27
Amortization of long-term unamortized expenses	405,414.24	699,287.13
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	105,379.68	652,216.55
Fixed assets retirement loss ("-" for gains)	5,062,676.51	1,011,664.51
Losses on changes in fair value ("-" for gains)	-312,742.31	-27,066,318.10
Financial expenses ("-" for gains)	15,229,621.08	20,026,412.59
Investments losses ("-" for gains)	-90,659,995.56	-64,142,781.87
Decrease of deferred income tax assets ("-" for increase)	-48,995,306.55	-7,657,888.14
Increase of deferred income tax liabilities ("-" for decrease)	-1,307,250.00	-1,128,797.01

Decrease in inventories ("-" for increase)	-701,609,059.62	-177,592,679.13
Decrease in operating receivables ("-" for increase)	-202,060,314.99	241,146,107.58
Increase in operating payables ("-" for decrease)	1,036,624,574.61	56,158,842.86
Others	-125,319,766.74	26,624,450.90
Net cash flows from operating activities	2,049,881,568.69	2,076,592,774.00
2. Significant investing and financing activities not related to cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds to be matured within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Cash at the end of the period	2,443,731,679.06	1,655,785,919.04
Minus: Cash at the beginning of the period	1,655,785,919.04	1,234,132,657.16
Plus: Cash equivalents at the end of the period		
Minus: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	787,945,760.02	421,653,261.88

(2) Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	2,443,731,679.06	1,655,785,919.04
Including: Cash on hand	71,122.80	77,763.80
Cash in bank on demand for payment	2,420,300,342.03	1,640,815,217.66
Other monetary capitals on demand for payment	23,360,214.23	14,892,937.58
III. Balance of cash and cash equivalents at the end of the period	2,443,731,679.06	1,655,785,919.04

53. Assets with title or use right restrictions

Unit: RMB

Item	Closing book value	Reasons for restrictions
Monetary capital	58,000,000.00	Deposit security for advance payment financing
Monetary capital	150,545,967.12	Bank acceptance bill security
Monetary capital	1,511,302.86	Security and frozen funds of e-commerce platforms
Monetary capital	263,468.43	Write off the frozen amount in the bank account of the branch
Total	210,320,738.41	--

54. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing balance in foreign currencies	Conversion rate	RMB equivalent
Monetary capital	--	--	
Including: USD	55,505,299.63	6.3757	353,885,138.85
EUR	29,862.94	7.2197	215,601.47
GBP	29.73	8.6064	255.87
VND	12,474,829,832.39	0.000279881	3,491,467.85
SGD	13,869.39	4.7179	65,434.40
IDR	8,532,229,058.17	0.000447	3,813,906.39
Accounts receivable	--	--	
Including: USD	22,039,822.61	6.3757	140,519,297.01
VND	30,141,680,511.50	0.000279881	8,436,083.68
IDR	8,968,684,520.34	0.000447	4,009,001.98
Accounts payable			
Including: USD	1,525,926.30	6.3757	9,728,848.31
EUR	21,643.24	7.2197	156,257.70
VND	84,542,743,834.66	0.000279881	23,661,907.69
SGD	61,202.00	4.7179	288,744.92
IDR	3,237,721,783.00	0.000447	1,447,261.64

VIII. Change on merger scope

1. Change on merger scope for other reasons

Description of the change on the merger scope for other reasons (such as newly established subsidiaries, and liquidation subsidiaries) and related conditions:

The two subsidiaries newly established by the Group in the current year are consolidated into the merger scope:

Name of the subsidiary	Judgment basis for control
Hainan Supor E-commerce Co., Ltd.	Wholly-owned subsidiary
Hainan Supor Technology Co., Ltd.	Wholly-owned subsidiary

Hainan Supor E-commerce Co., Ltd is a company incorporated in Hainan Province on July 29, 2021 that mainly engages in home appliance selling.

Hainan Supor Technology Co., Ltd. is a company incorporated in Hainan Province on August 20, 2021 that mainly engages in home

appliance selling.

IX. Equity in other entities

1. Equity in subsidiaries

(1) Structure of enterprise Group

Name of the subsidiary	Main operating place	Place of registration	Business nature	Shareholding ratio		Acquisition method
				Direct	Indirect	
Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Manufacturing industry	100.00%		Establishment
Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
Supor (Vietnam) Co., Ltd. [Note 1]	Vietnam	Vietnam	Manufacturing industry	100.00%		Establishment
Wuhan Supor Recycling Co., Ltd. [Note 1]	Wuhan	Wuhan	Commerce	100.00%		Establishment
Wuhan Supor Cookware Co., Ltd [Note 1] [Note 2]	Wuhan	Wuhan	Manufacturing industry	25.00%	75.00%	Establishment
Hangzhou Omegna Commercial Trade Co., Ltd. [Note 1]	Hangzhou	Hangzhou	Commerce	100.00%		Establishment
Shanghai Supor Cookware Marketing Co., Ltd. [Note 1]	Shanghai	Shanghai	Commerce	100.00%		Establishment
Wuhan Supor Pressure Cooker Co., Ltd. [Note 1]	Wuhan	Wuhan	Manufacturing industry	100.00%		Enterprise merger under the same control
Zhejiang Supor Plastic & Rubber Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	100.00%		Enterprise merger under the same control
Yuhuan Supor Cookware Sales Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Commerce	100.00%		Enterprise merger not under the

						same control
SEADA [Note 1]	Singapore	Singapore	Commerce	51.00%		Enterprise merger under the same control
AFS Vietnam Management Co., Ltd. [Note 1] [Note 3]	Vietnam	Vietnam	Commerce		100.00%	Enterprise merger under the same control
Shanghai WMF Enterprise Development Co., Ltd. [Note 1]	Shanghai	Shanghai	Manufacturing industry	100.00%		Establishment
Zhejiang WMF Housewares Co., Ltd. [Note 1]	Yuhuan	Yuhuan	Manufacturing industry	100.00%		Establishment
Zhejiang Shaoxing Supor Household Products Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
Shanghai SEB Electrical Appliances Co., Ltd. [Note 1]	Shanghai	Shanghai	Manufacturing industry	100.00%		Enterprise merger under the same control
Zhejiang Supor Kitchen & Electric Appliance Co., Ltd. [Note 1]	Shaoxing	Shaoxing	Manufacturing industry	100.00%		Establishment
PT GROUPE SEB INDONESIA MSD [Note 4]	Indonesia	Indonesia	Commerce		66.67%	Establishment
Zhejiang Supor Water Heater Co., Ltd. [Note 1] [Note 5]	Shaoxing	Shaoxing	Manufacturing industry	52.00%		Establishment
Hainan Supor E-commerce Co., Ltd. [Note 1] [Note 6]	Hainan	Hainan	Commerce		100.00%	Establishment
Hainan Supor Technology Co., Ltd. [Note 1] [Note 6]	Hainan	Hainan	Commerce		100.00%	Establishment

Explanation on shareholding ratio in subsidiary different from voting ratio:

Note 1: The following are abbreviations: Zhejiang Supor Electrical, Shaoxing Supor, Supor Vietnam, Wuhan Recycling, Wuhan Supor Cookware, Omegna, Shanghai Marketing, Wuhan Supor Pressure Cooker, P&R Products, Wuhan Supor, Yuhuan Sales, SEADA, AFS, Shanghai WMF Enterprise Development, WMF Housewares, Shaoxing Supor Housewares, Shanghai SEB Electrical Appliances Co., Ltd., Supor Kitchen & Electric Appliance, Supor Water Heater, Hainan Supor E-commerce Company and Hainan Supor Technology Company..

Note 2: The Company is subsidiary of Wuhan Supor Pressure Cooker Co., Ltd.; of which, Wuhan Supor Pressure Cooker Co., Ltd.

holds 75% shares and the Company holds 25% shares.

Note 3: The Company holds 51% equity of SEADA, and AFS is totally held by SEADA.

Note 4: PT GROUPE SEB INDONESIA MSD was established jointly by SEADA, a subsidiary of the Company and PT MULTIFORTUNA in Indonesia this year. SEADA holds 66.67% shares and PT MULTIFORTUNA holds 33.33% shares.

Note 5: Zhejiang Supor Water Heater Co., Ltd. is jointly invested and established by the Company and Supor Group Co., Ltd. The Company holds 52% of the shares, and Supor Group Co., Ltd. holds 48% of the shares.

Note 6: Hainan Supor E-commerce Company and Hainan Supor Technology Company are totally held by Zhejiang Supor Electrical.

(2) Significant not wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Balance of minority shareholders' equities at the end of the period
SEADA	49.00%	-117,179.75		6,400,556.70
AFS	49.00%	92,974.68		451,592.55
Indonesian Company	33.33%	-2,429,288.65		1,807,498.50
Water Heater	48.00%	-118,587.33		27,008,446.31

(3) Main financial information of significant not wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current asset	Non-current asset	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current asset	Non-current asset	Total assets	Current liabilities	Non-current liabilities	Total liabilities
SEADA	2,201,136.53	7,691,059.63	9,892,196.16	7,407,010.28		7,407,010.28	1,739,484.57	14,049,147.78	15,788,631.25	1,365,207.17		1,365,207.17
AFS	3,972,561.59	410,013.58	4,382,575.17	976,857.81	266,917.90	1,243,775.71	3,982,972.21	19,178.39	4,002,150.60	893,593.48		893,593.48
Indonesian Company	16,835,657.30	3,754,654.59	20,590,311.89	5,525,709.41	487,900.80	6,013,610.21	12,417,432.18	2,605,592.72	15,023,024.90	4,443,927.60		4,443,927.60
Water Heater	82,108,107.10	3,773,931.89	85,882,038.99	29,357,361.93		29,357,361.93	76,582,373.09	3,026,238.48	79,608,611.57	22,906,736.60		22,906,736.60

Unit: RMB

Name of the subsidiary	Amount incurred during this period				Amount incurred during prior period			
	Operating income	Net profit	Total of comprehensive incomes	Cash flows from operating	Operating income	Net profit	Total of comprehensive incomes	Cash flows from operating

				activities				activities
SEADA	701,331.09	11,140,228.84	11,938,239.30	535,174.99	1,393,806.55	-200,226.26	-497,674.21	821,683.98
AFS		189,744.25	30,242.34	104,366.81		222,821.39	19,365.51	-19,734.79
Indonesian Company	15,751,790.01	-3,680,740.39	-3,436,395.54	-7,578,451.25	10,823,899.72	-3,050,817.82	-3,373,038.56	-6,384,014.85
Water Heater	81,685,332.63	-177,202.91	-177,202.91	-937,523.81	61,394,312.96	-3,298,120.03	-3,298,120.03	2,437,760.78

2. Equity in joint venture or associated enterprises

(1) Significant joint venture or associated enterprises

Name of joint venture or associated enterprise	Main operating place	Place of registration	Business nature	Shareholding ratio		Accounting method for the investment in joint venture or associated enterprises
				Direct	Indirect	
Wuhan Anzai Cookware Co., Ltd.	Wuhan	Wuhan	Manufacturing industry	30.00%		Equity method

(2) Main financial information of significant associated enterprise

Unit: RMB

	Closing balance/amount incurred during this period	Opening balance/amount incurred during prior period
Current asset	146,447,108.80	169,376,389.83
Non-current asset	46,881,291.93	47,088,384.01
Total assets	193,328,400.73	216,464,773.84
Current liabilities	49,304,509.03	76,181,859.40
Non-current liabilities	640,000.00	740,000.00
Total liabilities	49,944,509.03	76,921,859.40
Shareholders' equities attributable to the parent company	143,383,891.70	139,542,914.44
Proportionate share in net assets	43,015,167.51	41,862,874.33
--Goodwill	22,585,444.13	22,585,444.13
Book value of investments in associated enterprises	65,600,611.64	64,448,318.46
Operating income	267,794,993.46	253,523,667.26

Net profit	3,840,977.30	8,435,292.80
Total of comprehensive incomes	3,840,977.30	8,435,292.80

(3) Descriptions for major limitations in the ability of joint ventures or associated enterprises transferring funds to the company

X. Risks related to financial instruments

(I) Risk management objectives and policies

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to minimize the adverse effects of risks on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

1. Market risk

(1) Foreign exchange risk

Foreign exchange risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in exchange rate. The Group's foreign currency risk relates mainly to foreign currency monetary assets and liabilities of the Group. When short-term imbalance occurred to foreign currency assets and liabilities, the Group may conduct foreign exchange hedge or trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to notes to others - foreign currency monetary items for details in foreign currency financial assets and liabilities at the end of the year of the Group.

Sensitivity analysis:

Assuming that other risk variables other than the exchange rate remain unchanged, the increase in shareholders' equities and net profits due to the 1% appreciation of RMB due to the change in exchange rate of RMB against all foreign currencies as at 31 December of the Group will be as follows. This influence is translated into RMB at the spot rate on the balance sheet date.

	Shareholders' equities	Net profit
December 31, 2021		
USD	3,757,640.60	3,757,640.60
EUR	395.31	395.31
GBP	2.17	2.17
VND	-93,874.85	-93,874.85
SGD	-1,854.16	-1,854.16
IDR	49,730.04	49,730.04
Total	3,712,039.11	3,712,039.11
December 31, 2020		
USD	2,915,223.18	2,915,223.18
EUR	246,502.60	246,502.60
GBP	2.04	2.04

VND	1,121.00	1,121.00
SGD	-2,882.96	-2,882.96
IDR	34,308.57	34,308.57
Total	3,194,274.43	3,194,274.43

(2) Interest risk - risk for cash flow changes

Interest risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market rate. As of December 31, 2021, balance of borrowings is zero, the Group's gross profits and shareholders' equities will not be significantly affected by interest risk.

2. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to receivables. In order to control such risks, the Company has taken the following measures:

The monetary capital of the Group other than cash is mainly deposited in creditworthy financial institutions, and the entrusted financial products are issued by creditworthy financial institutions. The management considers that there is not any significant credit risk and it is not expected to create losses to the Group as a result of default by the counterparty.

The exposure of the maximum credit risk assumed by the Group is the book value of each financial asset in the balance sheet (including derivative financial instruments). Except for the financial guarantee provided by the Group in Notes XIV, the Group has not provided any other guarantee that may expose the Group to credit risk. The exposure of the maximum credit risk assumed by the above financial guarantees on the balance sheet date has been disclosed in Note XIV.

(1) Receivables financing and notes receivable

Receivables financing and notes receivable of the Group is mainly bank acceptance bill receivable. The Group conducts ongoing monitoring on receivables, to avoid significant risks in bad debts.

(2) Accounts receivable

The Group only conducts business with credible and well-reputed third parties. According to the Group's policies, credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. In addition, the Group conducts ongoing monitoring on accounts receivable, to avoid significant risks in bad debts.

(i) Continue to strengthen risk awareness, strengthen risk management of accounts receivable, and strengthen internal control of customer credit policy management. Customer credit policy adjustments are required to pass the necessary approval procedures.

(ii) Keep detailed business records and accounting work. And use the records as important reference for future credit rating. Keep real time updating on customers' information and learn their latest credit situation, in order to make suitable credit policies.

The Group's accounts receivable from related party SEB ASIA LTD. accounted for 70.35% of closing balance (December 31, 2020: 68.99%), and the Company's account receivables are expected to have less credit risk. As the Company's credit risks fall into several business partners and customers, as of December 31, 2021, 11.28% (December 31, 2020: 14.31%) of the total accounts receivable was due from the five largest customers of the Company after deducting receivables from related party SEB ASIA LTD. The Company has no significant central credit risk.

(3) Other receivables

Other receivables of the Group are mainly export rebate receivable and deposit as security receivable, etc. The Group performed collective management and ongoing monitoring on such receivables and related business to avoid significant risks in bad debts.

(a) Analysis of amount of accounts receivable that is not past due and not impaired, the amount that is past due but not impaired, and the overdue aging of the Group is as follows:

Unit: RMB

Item	Closing balance		
	Neither past due nor	Past due but not impaired	Total

	impaired	Within 1 year	1-2 years	Over 2 years	
Receivables financing	3,312,225.62				3,312,225.62
Other receivables	1,237,370.65				1,237,370.65
Subtotal	4,549,596.27				4,549,596.27

(Continued)

Item	Opening balance				
	Neither past due nor impaired	Past due but not impaired			Total
		Within 1 year	1-2 years	Over 2 years	
Receivables financing	321,162,886.99				321,162,886.99
Other receivables	28,009,943.88				28,009,943.88
Subtotal	349,172,830.87				349,172,830.87

(b) For individually accrued impairment receivables, please refer to related description on Note (VII) "4. Accounts receivable" in the notes to the financial statements.

3. Liquidity risk

Liquidity risk is the risk that the Group may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement. Liquidity risk is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparts of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Group optimizes the structure of assets and liabilities, and finally maintains a balance between financing sustainability and flexibility.

Financial instruments classified based on remaining time period till maturity

Unit: RMB

Item	Closing balance				
	Book value	Within 1 year	1-3 years	Over 3 years	Total
Financial assets					
Monetary capital	2,654,052,417.47	2,654,052,417.47			2,654,052,417.47
Transactional financial assets	180,312,742.31	180,312,742.31			180,312,742.31
Notes receivable	54,879,357.24	54,879,357.24			54,879,357.24
Accounts receivable	2,716,945,985.33	2,716,945,985.33			2,716,945,985.33
Receivables financing	3,312,225.62	3,312,225.62			3,312,225.62
Other receivables	12,159,756.67	12,159,756.67			12,159,756.67
Other debt investments	298,191,205.49	-	322,745,000.00		322,745,000.00
Other current assets [note]	1,863,761,369.84	1,863,761,369.84			1,863,761,369.84
Subtotal	7,783,615,059.97	7,485,423,854.48	322,745,000.00		7,808,168,854.48
Financial liabilities					
Notes payable	500,250,000.00	500,250,000.00			500,250,000.00
Accounts payable	3,769,700,826.50	3,769,700,826.50			3,769,700,826.50
Other payables	110,605,272.21	110,605,272.21			110,605,272.21
Other current liabilities	53,979,357.24	53,979,357.24			53,979,357.24
Lease obligation	186,611,554.59	37,993,728.54	98,489,145.81	75,992,456.73	212,475,331.08
Subtotal	4,621,147,010.54	4,472,529,184.49	98,489,145.81	75,992,456.73	4,647,010,787.03

Note: Other current assets are term deposits for the purpose of obtaining benefits.

(Continued)

Item	Opening balance				
	Book value	Within 1 year	1-3 years	Over 3 years	Total
Financial assets					
Monetary capital	1,719,785,919.04	1,719,785,919.04			1,719,785,919.04
Transactional financial assets	115,992,105.03	115,992,105.03			115,992,105.03
Notes receivable	245,053,093.69	245,053,093.69			245,053,093.69
Accounts receivable	2,228,302,318.44	2,228,302,318.44			2,228,302,318.44
Receivables financing	321,162,886.99	321,162,886.99			321,162,886.99
Other receivables	40,164,877.32	40,164,877.32			40,164,877.32
Other current assets [note]	2,701,165,342.43	2,701,165,342.43			2,701,165,342.43
Subtotal	7,371,626,542.94	7,371,626,542.94			7,371,626,542.94
Financial liabilities					
Accounts payable	3,252,438,690.98	3,252,438,690.98			3,252,438,690.98
Other payables	94,521,442.67	94,521,442.67			94,521,442.67
Other current liabilities	246,284,516.27	246,284,516.27			246,284,516.27
Subtotal	3,593,244,649.92	3,593,244,649.92			3,593,244,649.92

Note: Other current assets are term deposits for the purpose of obtaining benefits.

(II) Transfer of financial assets

Transferred but not wholly derecognized financial assets

For details, please refer to "3. Notes Receivable and 25. Other Current Liabilities" in Note VII) to the financial statements notes.

XI. Fair value disclosure

1. Details of fair value of assets and liabilities at fair value at the balance sheet date

Unit: RMB

Item	Fair value as of the balance sheet date			
	Level 1	Level 2	Level 3	Total
I. Recurring fair value measurement	--	--	--	--
(I) Transactional financial assets			180,312,742.31	180,312,742.31
(II) Other debt investments		298,191,205.49		298,191,205.49
(III) Receivables financing				
(1) Notes receivable		3,312,225.62		3,312,225.62
II. Non-continued measurement of fair value	--	--	--	--

2. Basis for determining the market value of continuous and non-continuous Level 1 fair value measurement items

None

3. Qualitative and quantitative information of continuous and non-continuous Level 2 fair value measurement items, valuation techniques adopted and important parameters

The fair value of other debt investments and receivables financing is calculated and determined by the method of discounted future cash flows.

4. Qualitative and quantitative information of continuous and non-continuous Level 3 fair value measurement items, valuation techniques adopted and important parameters

The fair value of the financial products, in the financial assets measured at the fair value with their changes included into the current profits and losses, is determined by the method of discounted future cash flows calculated by the agreed expected rate of return.

5. Fair value of the financial assets and financial liabilities not measured at fair value

As at December 31, there was not a significant difference between the book value and fair value of the Group's various financial assets and financial liabilities.

XII. Related party and related transactions

1. Parent company

Name of parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the parent company (%)
SEB INTERNATIONALE S.A.S	France	Investment company	EUR 830 Million	82.44%	82.44%

Remarks on the parent company of the Group

Business scope of the parent company: equity participation in all kinds of French and overseas enterprises (regardless operation purpose), namely, purchase and subscription of shares, bonds, company shares and interest, various securities and marketable securities, and transfer of such securities or notes, all financial operations related to equity participation, purchase, manufacturing and selling of home appliance for the purpose of distribution and rendering of relevant services, all activities directly or indirectly contributing to the realization of these operations, particularly in the areas of movable properties, real estate, finance, commerce and industry operation.

The Group's final controlling party is SEB S.A.

2. Company's subsidiaries

Please refer Note (IX) 1 "Equity in Subsidiaries" for details on the Company's subsidiaries.

3. Joint ventures and associated enterprises of the Company

Please refer to Note (IX) 2 "Equity in Joint Ventures or Associated Enterprises" for details on the Company's significant joint ventures and associates.

Details of other joint ventures or associated enterprises carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Name of joint venture or associated enterprise	Relationships with the Company
Wuhan Anzai Cookware Co., Ltd.	Associated enterprise

4. Other related parties of the Company

Related party	Relationship between other related parties and the Company
SEB S.A.	Final controlling party
SEB ASIA LTD.	Same controlling shareholder
TEFAL S.A.S	Same controlling shareholder with the controlling shareholder
ALL-CLAD METALCRAFTERS LLC	Same controlling shareholder
S.A.S SEB	Same controlling shareholder with the controlling shareholder
SEB INTERNATIONAL SERVICE S.A.S	Same controlling shareholder with the controlling shareholder
LAGOSTINA S.P.A.	Same controlling shareholder
GROUPE SEB MOULINEX	Same controlling shareholder with the controlling shareholder
GROUPE SEB EXPORT	Same controlling shareholder with the controlling shareholder
SEB DEVELOPPMENT SAS	Same controlling shareholder with the controlling shareholder
IMUSA USA LLC	Same controlling shareholder
CALOR SAS	Same controlling shareholder with the controlling shareholder
Supor Group	Company controlled by related natural person
Zhejiang Supor Sanitary Ware Co., Ltd.	Company controlled by related natural person
ETHERA	Same controlling shareholder with the controlling shareholder
WMF CONSUMER ELECTRIC GMBH	Same controlling shareholder
WMF Consumer Goods (Shanghai) Co, Ltd.	Same controlling shareholder
WMF GROUPE GMBH	Same controlling shareholder
VIETNAM FAN JOINT STOCK COMPANY	Same controlling shareholder
GROUPE SEB SINGAPORE	Same controlling shareholder
GROUPE SEB THAILAND	Same controlling shareholder
Emsa Taicang Co., Ltd.	Same controlling shareholder
Heshan Demei Tableware Co., Ltd.	Same controlling shareholder
ROWENTA WERKE GMBH	Same controlling shareholder with the controlling shareholder

EMSA GMBH	Same controlling shareholder
GROUPE SEB USA	Same controlling shareholder
GROUPE SEB CANADA	Same controlling shareholder
GROUPE SEB ANDEAN S.A.	Same controlling shareholder
GROUPE SEB IBERICA	Same controlling shareholder
GROUPE SEB SCHWEIZ GMBH	Same controlling shareholder
SEB DO BRASIL PRODS.DOM.LTDA	Same controlling shareholder
GROUPE SEB KOREA,LTD	Same controlling shareholder
GROUPE SEB MALAYSIA	Same controlling shareholder
Saichuang (Zhejiang) Technology Co., Ltd.	Same controlling shareholder
Zhejiang Nanyang Pharmaceutical Sales Co., Ltd.	Company controlled by related natural person
Zhejiang Sukean Pharmaceutical Co., Ltd.	Company controlled by related natural person

5. Related transactions

(1) Related transactions in the purchase and sale of commodities, and provision and acceptance of labor services

Purchase of commodities and receiving of services

Unit: RMB

Related party	Contents of related transaction	Amount incurred during this period	Transaction quota granted	Whether or not exceeding transaction quota	Amount incurred during prior period
Wuhan Anzai Cookware Co., Ltd.	Finished products	156,840,291.45		No	164,334,241.77
Wuhan Anzai Cookware Co., Ltd.	Accessories	105,258,885.29		No	94,502,521.42
GROUPE SEB EXPORT	Finished products	4,562,743.08		No	20,925,886.38
TEFAL S.A.S	Accessories	22,895,481.55		No	15,924,603.52
LAGOSTINA S.P.A.	Finished products	1,091,606.38		No	3,099,200.16
SEB INTERNATIONAL SERVICE S.A.S	Accessories	87,255.27		No	
SEB INTERNATIONAL SERVICE S.A.S	Finished products	42,005.31		No	295,297.27
SEB ASIA LTD.	Finished products	1,503,593.79		No	566,087.37

GROUPE SEB MOULINEX	Accessories	9,634,219.00		No	6,112,691.95
S.A.S SEB	Quality fee			No	1,389.73
CALOR SAS	Accessories	758,681.93		No	6,120,861.34
Heshan Demei Tableware Co., Ltd.	Finished products	357,692.92		No	331,438.41
GROUPE SEB SINGAPORE	Finished products	71,089.76		No	
GROUPE SEB THAILAND	Finished products	847,324.66		No	588,837.21
EMSA GMBH	Finished products			No	809,434.97
Emsa Taicang Co., Ltd.	Finished products			No	62,172.73
ETHERA	Accessories	2,236,242.94		No	3,334,460.47
WMF GROUPE GMBH	Finished products	47,851,816.22		No	29,315,812.73
WMF Consumer Goods (Shanghai) Co, Ltd.	Finished products	156,628.32		No	483.75
Supor Group	Finished products	121,869.96		No	199,953.42
GROUPE SEB MALAYSIA	Finished products	113,777.63		No	
SEB DO BRASIL PRODS.DOM.LTDA	Others			No	206,120.61
GROUPE SEB ANDEAN S.A.	Others			No	105,553.03
GROUPE SEB KOREA, LTD	Others			No	724,641.66
ALL-CLAD METALCRAFTERS LLC	Others			No	21,976.64
WMF GROUPE GMBH	Others			No	74,290.06

Sale of commodities and rendering of services

Unit: RMB

Related party	Contents of related transaction	Amount incurred during this period	Amount incurred during prior period
SEB ASIA LTD.	Finished products	6,673,299,860.22	5,283,186,727.65
SEB ASIA LTD.	Accessories	5,423,325.41	4,551,726.62
S.A.S SEB	Finished products	22,578,030.75	18,017,122.30
S.A.S SEB	Accessories	1,205,129.20	842,895.70
TEFAL S.A.S	Finished products	10,919,945.13	8,132,860.68
TEFAL S.A.S	Accessories	18,127,775.58	16,184,475.53

GROUPE SEB MOULINEX	Finished products	38,926,768.09	32,308,253.66
Supor Group	Finished products	3,811,250.38	3,633,757.94
SEB INTERNATIONAL SERVICE S.A.S	Finished products	918,938.68	571,387.51
SEB INTERNATIONAL SERVICE S.A.S	Accessories	15,535,591.67	9,414,726.14
LAGOSTINA S.P.A.	Finished products	139,902.42	71,747.58
LAGOSTINA S.P.A.	Accessories	1,347,633.19	602,049.70
ALL-CLAD METALCRAFTERS LLC	Finished products	355,563.53	318,456.09
IMUSA USA LLC	Finished products	8,032,879.02	3,644,459.01
IMUSA USA LLC	Accessories		53,067.80
WMF Consumer Goods (Shanghai) Co, Ltd.	Finished products	500,029.50	361,834.62
WMF GROUPE GMBH	Finished products		103,219.20
GROUPE SEB CANADA	Finished products	14,214,992.15	20,174,184.41
VIETNAM FAN JOINT STOCK COMPANY	Finished products	25,160,890.52	26,278,737.93
VIETNAM FAN JOINT STOCK COMPANY	Accessories	11,451.68	10,195.62
CALOR SAS	Finished products	24,113,691.00	29,256,969.00
GROUPE SEB ANDEAN S.A.	Accessories	865,370.01	285,809.65
GROUPE SEB THAILAND	Accessories		9,306.15
GROUPE SEB SINGAPORE	Finished products		548,106.58
Wuhan Anzai Cookware Co., Ltd.	Finished products	151,339.61	227,726.73
Zhejiang Sukean Pharmaceutical Co., Ltd.	Finished products	154,159.29	
Zhejiang Nanyang Pharmaceutical Sales Co., Ltd.	Finished products	550,425.66	

(2) Related party leases

Lessor

None

Lessee:

Unit: RMB

Lessor	Lessee	Types of leased assets	Right-of-use assets recognized on January 1, 2021*	Right-of-use assets purchased in 2021	Interest expense accrued by lease obligations in 2021
Supor Group	Wuhan SUPOR	Real estate	12,199,661.48		512,987.90
	Zhejiang Supor Electrical	Real estate	21,983,395.45	19,801,522.45	1,644,635.19
	Shaoxing Supor	Real estate	3,987,385.03		167,666.99

Other remarks:

This is the right-of-use asset recognized on the first implementation date of the New Lease Standards.

Unit: RMB

Lessor	Lessee	Types of leased assets	Lease income this year	Lease income last year
Supor Group	The Company	Real estate	107,523.62	677,398.80
	Wuhan Supor Cookware	Real estate		2,712,948.86
	Zhejiang Supor Electrical	Real estate		4,796,275.93
	Shaoxing Supor	Real estate		1,518,062.09
	P&R Products	Real estate	59,600.00	
Zhejiang Supor Sanitary Ware Co., Ltd.	The Company	Real estate		249,973.33

This is the short-term lease expense under the application of the new lease standards.

(3) Key management's emoluments

Item	Amount incurred during this period	Amount incurred during prior period
Key management's emoluments	RMB 16,213,400	RMB 15,228,800

(4) Other related transactions

Unit: RMB

① Water and electricity fee

Selling parties	Purchasing parties	Amount incurred during this period	Amount incurred during prior period
Supor Group	Zhejiang Supor Electrical	481,419.80	484,604.97
	Wuhan Supor Cookware	142,934.79	74,445.05
	Shaoxing Supor	61,419.20	75,131.74
The Company	Supor Group		688,956.16

② Property management, maintenance and berth fees

Service renderer	Purchasing parties	Amount incurred during this period	Amount incurred during prior period
Supor Group	The Company	182,857.14	-
	Zhejiang Supor Electrical	144,761.90	291,428.57
	Wuhan Supor Cookware	164,285.71	-

③ Consulting fee

Service renderer	Purchasing parties	Amount incurred during this period	Amount incurred during prior period
SEB ASIA LTD.	The Company	687,084.08	2,829,732.00
	Wuhan Supor Cookware	352,826.96	132,339.26
	Shaoxing Supor	501,385.73	2,008,188.00
	Zhejiang Supor Electrical	315,687.32	118,032.39

④ Cost of international shopping center

Service renderer	Purchasing parties	Amount incurred during this period	Amount incurred during prior period
SEB DEVELOPMENT SAS	Shaoxing Supor	358,098.81	-2,779,227.09
	Zhejiang Supor Electrical	281,363.35	-2,092,178.42
	Wuhan Supor Cookware	5,919,010.41	9,948,644.87

⑤ Test service, etc.

Service renderer	Purchasing parties	Amount incurred during this period	Amount incurred during prior period
The Company	Saichuang (Zhejiang) Technology Co., Ltd.		442,696.45
Zhejiang Supor Electrical		456,149.12	2,264,991.96
AFS	GROUPE SEB VIETNAM JOINT STOCK COMP	3,221,505.69	3,578,372.09
Saichuang (Zhejiang) Technology Co., Ltd.	Shaoxing Supor	2,629,960.37	2,018,508.43

⑥ Warehousing service

Service renderer	Purchasing parties	Amount incurred during this period	Amount incurred during prior period
The Company	SEB ASIA LTD.	1,710,613.03	
Wuhan Supor Cookware		629,912.40	
Zhejiang Supor Electrical		677,368.19	
Shaoxing Supor		2,058,892.25	

⑦ Pursuant to the Technical License Contract entered into between Wuhan Supor Cookware Co., Ltd. and S.A.S SEB on December 29, 2013, S.A.S SEB licensed Wuhan Supor Cookware Co., Ltd. compensated use of its patent of "Household Appliance for Food Cooking under Pressure with Elastomer Safety Valve" and other four utility patents. According to related terms in the contract signed by both parties, use charges are accrued at 3% of revenue from sales of products licensed. In the current period, Wuhan Supor Cookware Co., Ltd. should pay S.A.S SEB technology use charges of RMB 959,469.90 (December 31, 2020: RMB 546,607.45), and as of December 31, 2021, a balance of RMB 59,092.58 has not been paid (December 31, 2020: RMB 50,673.67).

⑧ Pursuant to the Trademark License entered into between Wuhan Supor Cookware Co., Ltd. and LAGOSTINA SPA. on December 15, 2014, LAGOSTINA SPA licensed Wuhan Supor Cookware Co., Ltd. for compensated use of its trademark "LAGE". According to related terms in the contract signed by both parties, use charges are accrued at 4% of revenue from sales of products licensed. In the current period, Wuhan Supor Cookware Co., Ltd. should pay LAGOSTINA SPA. trademark use charges of RMB 242,952.24 (December 31, 2020: RMB 497,994.81), and as of December 31, 2021, a balance of RMB 1,352,565.66 has not been paid (December 31, 2020: RMB 1,147,880.53).

⑨ Pursuant to the Trademark License Agreement entered into between Omegna and LAGOSTINA SPA. on December 5, 2016, LAGOSTINA SPA licensed Omegna for compensated use of its trademark "LAGE". According to related terms in the contract signed by both parties, use charges are accrued at 4% of revenue from sales of products licensed. In the current period, Omegna should pay LAGOSTINA SPA. trademark use charges of RMB 296,857.06 (December 31, 2020: RMB 161,146.67), and as of December 31, 2021, a balance of RMB 3,923,741.07 has not been paid (December 31, 2020: RMB 3,626,884.01).

⑩ Shaoxing Supor purchased and used particles product of air purifier and relevant technology in accordance with Agreement on Purchase and Using for Particles of Air Purifier signed by Shaoxing Supor on April 25, 2016 with ETHERA. According to relevant terms in the contract signed by both parties, Shaoxing Supor should pay technology transfer fee RMB 26,477.63 (December 31, 2020:

RMB 105,553.03) to ETHERA in current period, which was calculated as per corresponding unit price of actual total sales. Until December 31, 2021, the remaining RMB 4,508.27 had not been paid yet (December 31, 2020: RMB 9,733.59) .

6. Receivables and payables by related parties

(1) Items receivable

Unit: RMB

Items	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable:	SEB ASIA LTD.	1,997,332,966.57	79,893,318.66	1,614,638,669.52	72,658,740.13
	S.A.S SEB	6,147,139.48	245,885.58	4,741,953.45	213,387.91
	TEFAL S.A.S	8,875,016.25	355,000.65	5,436,106.34	244,624.79
	SEB INTERNATIONAL SERVICE S.A.S	4,644,231.13	185,769.25	3,660,298.94	164,713.45
	CALOR SAS			12,869,174.14	579,112.84
	GROUPE SEB MOULINEX	11,459,698.09	458,387.92	8,245,666.37	371,054.99
	IMUSA USA LLC	1,014,864.16	40,594.57	529,922.64	23,846.52
	Supor Group	4,899.50	244.98		
	WMF GROUPE GMBH			13,776.00	619.92
	WMF Consumer Goods (Shanghai) Co, Ltd.	186,011.75	7,440.47	98,517.39	4,433.28
	GROUPE SEB CANADA	4,763,025.58	190,521.02	6,118,341.61	275,325.37
	VIETNAM FAN JOINT STOCK COMPANY	14,256,667.31	570,266.69	19,929,351.33	896,820.81
	GROUPE SEB ANDEAN S.A.	832.03	33.28	39,833.21	1,792.49
	Wuhan Anzai Cookware Co., Ltd.			55,766.08	2,788.30
	LAGOSTINA S.P.A.	563,856.28	22,554.25	287,371.51	12,931.72
	Saichuang (Zhejiang) Technology Co., Ltd.	290,340.44	11,613.62	401,241.56	18,055.87
	ALL-CLAD METALCRAFTERS LLC			247,688.07	11,145.96
	Total	2,049,539,548.57	81,981,630.94	1,677,313,678.16	75,479,394.35
Advance payment:	Supor Group	71,520.00			
	Total	71,520.00			
Other receivables:	CALOR SAS			66,926.76	3,011.70

	GROUPE SEB USA			247,563.86	11,140.37
	ROWENTA WERKE GMBH			1,077.38	48.48
	SEB DEVELOPPMENT SAS			36,927.39	1,661.73
	SAS SEB			917.22	41.27
	GROUPE SEB MOULINEX			19,067.20	858.02
	Supor Group	145,000.00	31,250.00	145,000.00	23,750.00
	WMF Consumer Goods (Shanghai) Co, Ltd.			127,872.76	5,754.27
	TEFAL S.A.S			63,576.29	2,860.93
	Total	145,000.00	31,250.00	708,928.86	49,126.77

(2) Payables

Unit: RMB

Items	Related party	Ending book balance	Beginning book balance
Accounts payable:			
	Wuhan Anzai Cookware Co., Ltd.	25,709,129.31	34,388,944.91
	WMF GROUPE GMBH	9,027,718.65	6,849,932.11
	GROUPE SEB EXPORT		7,715,386.08
	TEFAL S.A.S	6,211,218.34	3,438,122.59
	S.A.S SEB	61,735.76	50,673.67
	LAGOSTINA S.P.A.	6,012,269.93	5,787,864.70
	GROUPE SEB MOULINEX	3,082,576.38	1,511,270.97
	GROUPE SEB THAILAND	111,031.93	437,244.26
	GROUPE SEB SINGAPORE	1,147,747.82	
	CALOR SAS		1,565,057.31
	EMSA GMBH		303,976.75
	SEB INTERNATIONAL SERVICE S.A.S	10,454.54	123,931.08
	ETHERA	156,257.68	1,092,496.28
	Saichuang (Zhejiang) Technology Co., Ltd.	282,079.64	423,768.92
	Supor Group	3,621,694.75	611,645.30
	Total	55,433,914.73	64,300,314.93
Contract liabilities:			
	Supor Group	405,442.77	528,022.26
	Zhejiang Nanyang Pharmaceutical Sales Co., Ltd.	305.31	

	Total	405,748.08	528,022.26
Other payables:	S.A.S SEB		3,687,688.05
	SEB S.A.	6,839,932.07	
	Total	6,839,932.07	3,687,688.05
Lease obligation:	Supor Group	43,864,152.61	
	Total	43,864,152.61	

XIII. Share-based Payment

1. Overall information

√ Applicable □ Not-applicable

Unit: RMB

Total equity instruments granted in current period	0.00
Total equity instruments vested in current period	1,629,200.00
Total equity instruments expired in current period	26,000.00
The range of exercise price of stock options issued by the Company at the end of the period and the remaining period of the contract	2017 Equity Incentive Plan: RMB 1/share, 0 year

Other remarks

Pursuant to the "Proposal for 2017 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary (hereinafter referred to as "2017 Stock Incentive Plan") ratified in the Second Interim General Meeting of Shareholders 2017 via deliberation held on November 16, 2017, the Company was to grant 4,300,000 restricted shares to incentive objects, and repurchased 4,300,000 share capital successfully during the period from November 6, 2017 to November 28, 2017. The Company granted 3,874,000 shares initially on December 4, 2017 and granted the remainder 426,000 shares on August 30, 2018, with price of shares granted for RMB 1/share.

The 2017 Stock Incentive Plan is valid for five years from the grant date, within which, the first 12 months are the lock-up period for first grant, and the following 48 months are the unlock period, which may be unlocked in four phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 10%, 20%, 30% and 40% of the total restricted shares respectively in 12 months, 24 months, 36 months and 48 months after the grant date. The lock-up period of reservation is 12 months, and the unlock period is 36 months, which may be unlocked in three phases provided that all conditions for unlocking are met. Incentive targets may apply for unlocking 20%, 30% and 50% of the total restricted shares respectively in 12 months, 24 months and 36 months after the grant date. As of December 31, 2021, the aforesaid incentive plan has been finished.

According to the Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 6th Session of the Sixth Board of Directors, totally 387,400 shares of restricted stock were unlocked in 2018.

According to the Proposal on Unlocking of Restricted Stock within the Second Unlock Period and the Reserved Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 11th Session of the Sixth Board of Directors, 756,400 and 84,200 shares of restricted stock, totaling 840,600 shares, were unlocked in 2019.

According to the Proposal on Unlocking of Restricted Stock within the Third Unlock Period and the Reserved Restricted Stock

within the Second Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 16th Session of the Sixth Board of Directors, 1,093,650 and 119,400 shares of restricted stock, totaling 1,213,050 shares, were unlocked in 2020.

According to the Proposal on Unlocking of Restricted Stock within the Fourth Unlock Period and the Reserved Restricted Stock within the Third Unlock Period of 2017 Restricted Stock Incentive Plan deliberated and adopted at the 5th Session of the Seventh Board of Directors, 1,430,200 and 199,000 shares of restricted stock, totaling 1,629,200 shares, were unlocked in 2021.

The 6th Session of the Sixth Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 43,650 shares of Restricted Stock at the price of RMB 1 per share.

The 8th Session of the Sixth Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 39,150 shares of Restricted Stock at the price of RMB 1 per share.

The 11th Session of the Sixth Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 84,900 shares of Restricted Stock at the price of RMB 1 per share.

The 14th Session of the Sixth Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 3,500 shares of Restricted Stock at the price of RMB 1 per share.

The 16th Session of the Sixth Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 32,550 shares of Restricted Stock at the price of RMB 1 per share.

The 2nd Session of the Seventh Board of Directors adopted the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has repurchased and canceled 26,000 shares of Restricted Stock at the price of RMB 1 per share.

2. Equity-settled share-based payment

√ Applicable □ Not-applicable

Unit: RMB

Determination method for fair value of equity instruments on grant date	According to the market price on the grant date
Determination method for the optimal estimate of the number of equity instruments expected to vest	Based on the corresponding equity instruments of incentive targets, the performance of the Company and the forecast of future performance of the Company
The significant difference between this period estimate and last period	None
Capital reserve accumulated due to equity-settled share-based payment	143,422,271.81
Total expenses incurred due to equity-settled share-based payment transactions	11,269,965.47

Other remarks

Note 1. According to the 2017 Stock Incentive Plan adopted on the company's 2nd Extraordinary shareholders' meeting 2017 on November 16, 2017, the company repurchased 4,300,000 shares of its own stocks for the plan through centralized competitive bidding

(with multiple buyers and multiple sellers involved) at RMB 1.00 per stock, with a reduction of treasury share value of RMB 4,300,000.00, and the value recorded in the capital reserve at a premium value of RMB 178,108,500.12.

Note 2. The impact of 2017 Equity Incentive Plan on the capital reserve is RMB 132,152,306.34 at the beginning of the period, and with an accrual of RMB 11,269,965.47 in the year, amounting to an accrued amount of RMB 143,422,271.81.

XIV. Commitments and contingencies

1. Contingencies

(1) Significant contingencies at the date of balance sheet

Contingent liabilities arising from pending litigation and arbitration and their financial impact

In 2016, a non-governmental patent holder filed a lawsuit to the subsidiary Shaoxing Supor in the name of infringing its patent. In 2020, the relevant patents have been declared invalid by the Patent Reexamination Board of the State Intellectual Property Office, so the litigation risk decreased. This case has not been settled yet. Based on the principle of conservatism, the Company still retains an estimated liability of RMB 5.15 million (December 31, 2020: RMB 5.15 million). In 2019, the third-party company filed a lawsuit against Wuhan SUPOR, a subsidiary, on the grounds of infringing its patent. In this period, the lawsuit was closed and the Company won the case, so the estimated liabilities of RMB 6 million originally accrued were reversed. In 2020, export customers filed legal proceedings against Shaoxing Household Electric Appliances Co., Ltd., a subsidiary, on the grounds of user disputes. This case has not been settled yet. Based on the principle of conservatism, the Company still retains an estimated liability of RMB 4 million (December 31, 2020: RMB 4 million).

In addition, export customers filed claims for product quality problems against Shaoxing Household Electric Appliances Co., Ltd., a subsidiary, on the grounds of user disputes, so an estimated liability of RMB 2 million was accrued this year.

Contingent liabilities formed by financial guarantee and their financial impact

The Group signs tripartite acceptance agreements with distributors and banks, and the Group provides financing guarantee for the banks to issue bank acceptance bills to the distributors. In the event that the Group endorses and assigns an acceptance bill obtained by the Group, and if the distributor fails to repay the difference between the security and the amount of the acceptance bill after the maturity of the acceptance bill, the Group will bear part of the loss of the difference that the bank has not recovered from the distributor. As at December 31, 2021, the risk exposure undertaken by the Group was RMB 317,459,647.06 and the estimated liabilities accrued by the Company under the financial guarantee contracts for the risk exposure amounted to RMB 1,587,298.24.

(2) A statement shall be given even if the Company has no significant contingencies to disclose.

The Company has no significant contingencies to disclose.

XV. Events after the balance sheet date

1. Profit distribution

According to the profit distribution plan for 2021 adopted at the 12th Session of the Seventh Board of Directors of the Company on March 31, 2022, profit distribution is made with the total share capital of the Company as at the end of 2021 (i.e. 808,678,476 shares) (the shares in the special securities account for repurchase were vested on January 27, 2022) as the base number, a cash dividend of RMB 19.30 (tax-inclusive) per 10 shares is distributed to all shareholders, and the total cash dividend is RMB 1,552,662,673.92. No bonus share will be distributed or conversion from capital reserves to share capital is made this year. The undistributed profits of parent

company at the end of the reporting period were RMB 5,141,307,982.39 including the cash to be distributed, i.e., RMB 1,560,749,458.68.

During the period from the disclosure of this profit distribution plan to the actual implementation date, if the Company's share capital changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed share capital, and the above distribution ratio remains unchanged.

This profit distribution plan shall be submitted to the Annual General Meeting of Shareholders for 2021 Fiscal Year for approval after adopted by the Board of Directors.

2. Share-based payment

Pursuant to the Proposal for 2021 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. and Its Summary (hereinafter referred to as "2021 Stock Incentive Plan") ratified in the Third Interim General Meeting of Shareholders 2021 via deliberation held on December 30, 2021, the Company was to grant 1,209,500 restricted shares to incentive objects, and repurchased 1,209,500 share capitals successfully during the period from December 15, 2021 to December 21, 2021 paying a total of RMB 76,150,757.24, and the repurchase handling fee of RMB 9,140.01. The Company granted 1,209,500 shares at a price of RMB 1 per share on January 6, 2022.

The incentive plan for the year of 2021 is valid for 4 years from the date of completion for the registration of the restricted stock granted, of which: The sales restriction periods shall be 24 months and 36 months respectively from the date of completion for the grant registration. If the conditions for lifting the restriction are met, the restricted shares shall be lifted in two phases, that is, upon expiry of 24 months and 36 months from the date of completion for the grant registration, for 50% and 50% of the total restricted shares applied for restriction lifting, respectively.

3. Liquidation of subsidiaries

On January 24, 2022, Shanghai SEB was put into liquidation with a special liquidation team established. Shanghai SEB has stopped its production in July 2021 and moved its production line and supporting facilities as a whole to the Group's production base in Shaoxing and Hangzhou in Zhejiang. The liquidation team filed at Minhang Market Supervision and Administration Bureau on February 16, 2022, and the liquidation began after an announcement published on the newspapers to the creditors on February 24, 2022. Shanghai SEB is in the process of liquidation by the date of the approval of this financial statement.

XVI. Other major events

1. Segment information

(1) Determination basis and accounting policy of report segment

The Group establishes operating segment according to internal organizational structure, management requirement and internal report system; determines report segment and disclose segment information based on Operating Segment.

Operating Segment refers to the Group's organization meeting following conditions: (1) The organization can yield income and cost in daily activity; (2) The Group's management can appraise operating result of the organization regularly, so as to allocate resources on a targeted basis and evaluate its performance; (3) The Group can obtain financial condition, operating result, cash flow and other relevant accounting information of the organization. Two or more operating segments, which have similar economic characteristics and meet a certain condition, can be combined into an operating segment.

The preparation of branch reports is conducted with the revenue of trans-branch transaction measured at the actual transaction price. The accounting policy for branch report preparation is consistent with that used in Supor's financial statement.

The Group, with main product focused on cookware and SDA (small domestic appliances) in kitchen, establishes report segment based on product and geographic segments and assets and liabilities shared by product segments is unable to be clearly distinguished.

(2) Financial information of reportable segments

Unit: RMB

① Product segment

Item	Cookware	Electrical products	Others	Inter-segment offsetting	Total
Revenue from main operations	6,749,754,975.41	14,653,681,143.26	206,652,418.86	237,563,567.46	21,372,524,970.07
Cost of main operations	5,044,414,325.79	11,454,954,184.17	185,724,412.71	238,278,352.51	16,446,814,570.16

② Geographic segment

Information on the Group's income from external transactions and non-current assets (excluding financial assets and deferred income tax assets, the same below) by region is shown in the following table. Income from external transactions is divided according to the location of customers who receive services or purchase products. Non-current assets are classified as per the physical location of the assets (for fixed assets and construction in progress) or the location where they are allocated to related business (for intangible assets) or the location of joint ventures and associated enterprises.

Item	Domestic	Overseas	Inter-segment offsetting	Total
Revenue from main operations	14,083,050,825.58	7,311,286,318.72	21,812,174.23	21,372,524,970.07
Cost of main operations	10,130,756,058.48	6,338,249,932.92	22,191,421.24	16,446,814,570.16
Non-current asset	2,073,022,944.33	75,726,734.77	117,033,788.09	2,031,715,891.01

③ Major customers

Among the Group's customers, one customer (2020: 1) whose revenue from a single customer accounted for 10% or more of the Group's total revenue was related party SEB ASIA LTD., accounting for approximately 30.94% (2020: 28.43%) of the Group's total revenue.

XVII. Notes to items of parent company financial statements

1. Accounts receivable

(1) Details on categories

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										

Accounts receivable for provision made on the basis of portfolio	770,159,019.26	100.00%	27,825,217.23	3.61%	742,333,802.03	530,070,693.21	100.00%	19,185,566.76	3.62%	510,885,126.45
Including:										
Portfolio 1: age portfolio	695,510,017.57	90.31%	27,765,218.24	3.99%	667,744,799.33	426,307,908.26	80.42%	19,136,075.82	4.49%	407,171,832.44
Portfolio 2: low-risk portfolio	59,998,991.48	7.79%	59,998.99	0.10%	59,938,992.49	49,490,936.78	9.34%	49,490.94	0.10%	49,441,445.84
Portfolio 3: merged related parties portfolio	14,650,010.21	1.90%			14,650,010.21	54,271,848.17	10.24%			54,271,848.17
Total	770,159,019.26	100.00%	27,825,217.23	3.61%	742,333,802.03	530,070,693.21	100.00%	19,185,566.76	3.62%	510,885,126.45

Provision made on the basis of portfolio: Portfolio 1: age portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year	695,510,017.57	27,765,218.24	3.99%
Total	695,510,017.57	27,765,218.24	--

If provision for bad debts for accounts receivable is made based on the general model of expected credit losses, please disclose the relevant information about the provision for bad debts with reference to the disclosure of other receivables:

☐ Applicable ☒ Not-applicable

Disclosure by ages

Unit: RMB

Ages	Book balance
Within 1 year (including 1 year)	770,159,019.26
Total	770,159,019.26

(2) Provisions made, collected or reversed in current period

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	
Provision for bad debts for accounts receivable	19,185,566.76	8,639,650.47				27,825,217.23

Total	19,185,566.76	8,639,650.47				27,825,217.23
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(3) Accounts receivable of the top 5 closing balances by debtors

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion in the total closing balance of accounts receivable	Closing balance of provision for bad debts
SEB ASIA LTD	685,890,345.00	89.06%	27,435,613.80
Customer N	36,810,347.12	4.78%	36,810.35
Shanghai WMF	9,614,373.78	1.25%	
Customer O	5,880,731.65	0.76%	5,880.73
GROUPE SEB CANADA INC.	4,763,025.58	0.62%	190,521.02
Total	742,958,823.13	96.47%	--

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividend receivable		925,000,000.00
Other receivables	1,845,295,351.20	225,442,198.95
Total	1,845,295,351.20	1,150,442,198.95

(1) Dividends receivable**1) Classification of dividend receivable**

Unit: RMB

Item (or invested unit)	Closing balance	Opening balance
Shaoxing Supor		925,000,000.00
Total		925,000,000.00

(2) Other receivables**1) Other receivables categorized by nature**

Unit: RMB

Nature of receivables	Ending book balance	Beginning book balance
Fund pool	1,844,438,348.07	225,002,421.34

Temporary payment receivable	1,439,315.12	1,006,368.31
Personal deposit	356,338.04	370,838.11
Total	1,846,234,001.23	226,379,627.76

2) Provision for bad debts

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss in future 12 months	Expected credit loss in the entire duration (without credit impairment)	Expected credit loss in the entire duration (with credit impairment)	
Balance on January 1, 2021	937,428.81			937,428.81
Balance on January 1, 2021 in the current period	—	—	—	—
Withdrawal in the current period	1,221.22			1,221.22
Balance on December 31, 2021	938,650.03			938,650.03

Changes in book balance of loss provision due to significant changes in the current period

☐ Applicable ☒ Not-applicable

Disclosure by ages

Unit: RMB

Ages	Book balance
Within 1 year (including 1 year)	1,845,317,752.05
1-2 years (including 2 years)	15,000.00
Over 3 years	901,249.18
3-4 years (including 4 years)	5,000.00
Over 5 years	896,249.18
Total	1,846,234,001.23

3) Provisions made, collected or reversed in current period

Provisions made in current period:

Unit: RMB

Categories	Opening balance	Amount of changes in current period				Closing balance
		Accrued	Collected or reversed	Written off	Others	
Provision for bad debts of other receivables	937,428.81	1,221.22				938,650.03

Total	937,428.81	1,221.22				938,650.03
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4) Other receivables of the top 5 closing balances by debtors

Unit: RMB

Debtors	Nature of receivables	Closing balance	Ages	Proportion in the total closing balance of other receivables	Closing balance of provision for bad debts
Shaoxing Supor	Fund pool	772,276,065.43	Within 1 year	41.83%	
Zhejiang Supor Electrical	Fund pool	420,507,699.56	Within 1 year	22.78%	
Wuhan SUPOR	Fund pool	402,361,997.32	Within 1 year	21.79%	
Zhejiang WMF	Fund pool	101,350,667.14	Within 1 year	5.49%	
Shanghai WMF	Fund pool	83,065,975.00	Within 1 year	4.50%	
Total	--	1,779,562,404.45	--	96.39%	

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	2,948,542,538.52		2,948,542,538.52	2,944,513,427.22		2,944,513,427.22
Investments in associates and joint ventures	65,419,057.50		65,419,057.50	64,040,908.46		64,040,908.46
Total	3,013,961,596.02		3,013,961,596.02	3,008,554,335.68		3,008,554,335.68

(1) Investments in subsidiaries

Unit: RMB

Invested unit	Opening balance (book value)	Increase/decrease				Closing balance (book value)	Closing balance of impairment provision
		Investment increased	Investment decreased	Accrued impairment provision	Others		
Wuhan Supor Pressure Cooker	240,428,244.41					240,428,244.41	
P&R Products	20,804,297.92					20,804,297.92	
Yuhuan Sales	2,990,149.81					2,990,149.81	

Zhejiang Supor Electrical	768,649,454.25	1,618,400.54				770,267,854.79	
Shaoxing Supor	638,023,877.36	1,388,031.13				639,411,908.49	
Supor Vietnam	105,143,165.64					105,143,165.64	
Wuhan Recycling	1,000,000.00					1,000,000.00	
Omegna	10,000,000.00					10,000,000.00	
Shanghai Marketing	5,000,000.00					5,000,000.00	
Wuhan Supor Cookware	597,230,886.76	1,022,679.63				598,253,566.39	
SEADA	11,890,622.45					11,890,622.45	
Shanghai WMF	50,000,000.00					50,000,000.00	
Shanghai SEB	212,152,728.62					212,152,728.62	
Zhejiang WMF	100,000,000.00					100,000,000.00	
Supor Kitchen & Electric Appliance	100,000,000.00					100,000,000.00	
Shaoxing Supor Housewares	50,000,000.00					50,000,000.00	
Supor Water Heater	31,200,000.00					31,200,000.00	
Total	2,944,513,427.22	4,029,111.30				2,948,542,538.52	

(2) Investments in associates and joint ventures

Unit: RMB

Investing unit	Opening balance (book value)	Increase/decrease								Closing balance (book value)	Closing balance of impairment provision
		Investment increased	Investment decreased	Investment profit or loss recognized by equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Accrued impairment provision	Others		
I. Joint ventures											
II. Associated enterprises											
Wuhan Anzai Cookware Co., Ltd.	64,040,908.46			1,378,149.04						65,419,057.50	
Subtotal	64,040,908.46			1,378,149.04						65,419,057.50	
Total	64,040,908.46			1,378,149.04						65,419,057.50	

(3) Other remarks:**4. Operating income/cost**

Unit: RMB

Item	Amount incurred during this period		Amount incurred during prior period	
	Revenue	Cost	Revenue	Cost
Main business	2,725,835,212.58	2,362,901,800.69	2,272,271,469.17	1,731,728,100.13
Revenue from other operations	102,659,846.65	97,824,871.55	56,421,196.13	57,222,830.10
Total	2,828,495,059.23	2,460,726,672.24	2,328,692,665.30	1,788,950,930.23

Information related to income: Information related to income:

Unit: RMB

Contract classification	
Commodity type	
Including:	
Cookware and utensil	2,724,619,509.38
Other domestic appliance	103,875,549.85
Classified by business area	
Including:	
Domestic	469,185,611.82
Foreign	2,359,309,447.41
Classified by the time of transfer of commodity	
Including:	
Revenue recognition at a certain time point	2,828,495,059.23

Information related to performance obligations:

None

Information related to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations in which the contract had been signed, but not yet performed or not yet fulfilled was RMB 1,510,782.40. Among them, RMB 1,510,782.40 is expected to be recognized in 2022.

5. Investment income

Unit: RMB

Item	Amount incurred during this period	Amount incurred during prior period
Investment income from long-term equity investments under the cost method	5,106,240,651.28	948,533,813.07

Income from long-term equity investments under the equity method	1,378,149.04	2,317,080.57
Income from disposal of subsidiaries		1,478,018.07
Interest from term deposit	73,053,105.12	60,374,895.83
Investment income of debt investment during the holding period	3,571,557.46	
Total	5,184,243,462.90	1,012,703,807.54

XVIII. Other supplementary information

1. Breakdown of non-recurring profit or loss in the current period

☒ Applicable ☐ Not-applicable

Unit: RMB

Item	Amount	Notes
Profit or loss on disposal of non-current assets	-5,168,056.19	
Government subsidies included into the current profits and losses (except those that are closely related to the Company's normal business operations, comply with national policies and regulations and continuously available according to certain standard quota or quantity)	181,083,262.46	
Capital occupation fee charged to non-financial enterprises included in current profits and losses	1,849,173.62	
Enterprise restructuring costs, such as expenses for employee placement and integration costs	-59,398,185.22	
Except the effective hedging business related to the normal operation of the Company, profits and losses from fair value changes caused by the held transactional finance assets and transactional financial liabilities, and investment income acquired from disposal of transactional financial assets, transactional financial liabilities and available-for-sale financial assets	5,385,851.68	
Other non-operating incomes or expenditures except for the foregoing items	6,654,792.26	
Minus: influenced amount of income tax	43,945,276.71	
Influenced amount of minority shareholders' equities	554,509.76	
Total	85,907,052.14	--

Specific circumstances of other items of profits and losses complying with the definition of non-recurring profits or losses:

☐ Applicable ☒ Not-applicable

The Company does not have other specific circumstances of other items of profits and losses complying with the definition of non-recurring profits or losses.

Description of defining non-recurring profits or losses items listed in the Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss as recurring profits and losses

☐ Applicable ☒ Not-applicable

2. RONA and EPS

Profit of the reporting period	Weighted average return on net assets	EPS (RMB/share)	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to shareholders of ordinary shares	26.81%	2.400	2.395
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	25.62%	2.294	2.289

3. Financial Data Difference on Principle of Domestic and Oversea Accounting**(1) Net profit and net assets discrepancies in financial statements disclosed separately under International Accounting Standards and Chinese Accounting Standards**

☐ Applicable ☒ Not-applicable

(2) Net profit and net assets discrepancies in financial statements disclosed separately under Overseas Accounting Standards and Chinese Accounting Standards

☐ Applicable ☒ Not-applicable

(3) The reason of accounting data difference under domestic and foreign accounting standard shall be explained. If the data audited by the foreign audit organization carries out the different adjustment, the name of foreign organization shall be indicated.

None

Zhejiang Supor Co., Ltd.

Chairman: Thierry de LA TOUR D'ARTAISE

April 1, 2022